June 29, 1970

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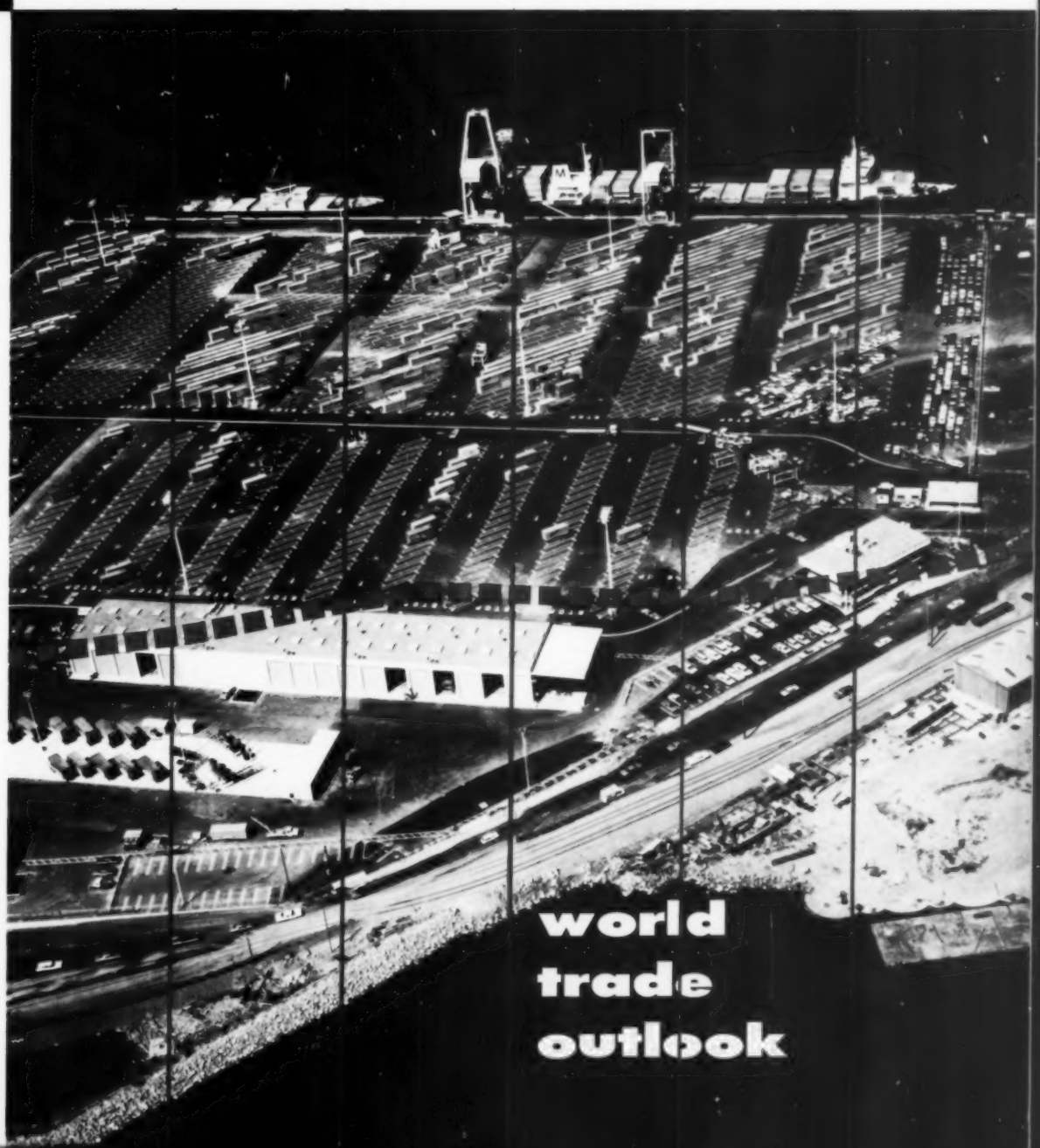
International Commerce



world trade outlook

A U.S. DEPARTMENT OF COMMERCE WEEKLY

XUM

International Trade Winds

Company News

TOYS—Tonka Corp., Minneapolis, a leading U.S. toy manufacturer, and Bandai Co., Ltd., a Japanese toy company, have formed a joint venture which will produce and market toys internationally. The new firm, Japan Tonka of Tokyo, will have exclusive rights for the sale of Tonka toy products in the Far East. Initially, products and parts for assembly will be supplied from Tonka factories in New Zealand and Canada. Tonka will have the exclusive rights for export of Bandai's toy products in the U.K., Canada, New Zealand and Australia.

CHEMICALS—B. F. Goodrich Chemical Co., Cleveland, has signed an agreement granting Limburgse Vinyl Maatschappij (LVM), Tessenderloo, Belgium, a license to use Goodrich's vinyl chloride technology in a new plant to be constructed in Tessenderloo. LVM will produce vinyl chloride monomer and is a joint venture of three Benelux companies: N.V. Nederlandse Staatsmijnen, S.A.; Produits Chimiques du Limbourg; S.A. Produits Chimiques de Tessenderloo.

PACKAGING—Rheem International, Inc., New York, announced that Rheem Australia Pty. Ltd., of Sydney has offered to merge its subsidiary Rheem Australia Pty. Ltd. with National Bag Co. of Australia Ltd., manufacturer of plastic, laminated, woven and other packaging products and equipment.

CONSTRUCTION—W. R. Grace & Co., New York, through its London-based subsidiary W. R. Grace Ltd., will construct a multi-million dollar organic chemicals plant in Teesside, Great Britain, over 200 miles north of London. The annual combined capacity of the plant is 50 million pounds. Construction will begin this summer with completion scheduled for late 1971. The principal product will be sodium nitrilotriacetate used in detergents

COMPUTERS—Burroughs Corp. of Detroit will supply a $1 million computer system to the Leicester Permanent Building Society in Britain to computerize its accounting procedures. The on-line system includes several terminal computers designed to be linked over telephone lines to a central computer. Leicester's plans call for all 40 branches to be on-line within the next few years.

Newsletter

"We again are in a new ball game." This judgment on the current U.S. foreign trade situation was made by E. E. Schnellbacher, Assistant Director of Commerce Department's Bureau of International Commerce and a close observer of the world trade scene for more than 40 years. Today's change and challenge for world traders compares in scope, he believes, with that of the immediate post-World War II period. Powerful competition worldwide must lead now, he counsels, to traders' cooperation with Government in carrying out new initiatives.

Expanding operations at its Brussels office, the State of Ohio's Development Department is now working with approximately 35 European companies interested in operations in Ohio. If these talks are successful, the companies could add 10,000 new jobs to the state rolls. The Ohio Development Department's international division also has offices in Caracas and Tokyo.

Fifth birthday of the Stockholm U.S. Trade Center was also the opening of Outdoor Life/U.S.A., the best consumer-oriented exhibition in the Center's history. A total of $351,700 in recreational vehicles and equipment was sold during the May show, and the 24 exhibitors expect $5.2 million more in sales in the next year. Four agents were appointed and 35 other candidates were talking with the U.S. firms at close of show.

MESUCORA in Paris—the International Exposition for Measurement, Control, Regulation and Automation, one of the prestigious events on Europe's trade fair calendar—had a lively U.S. Exhibition. The 39 U.S. firms that put their wares side-by-side under Commerce auspices reported about $300,000 in floor sales and $6.5 million more in 12-month projections. As the show ended early in June five U.S. companies had signed representation contracts and seven others were talking to 28 candidates.

A solo show this spring between-exhibitions at the Frankfurt U.S. Trade Center introduced a new photographic system from the U.S. Opto/Graphics, Inc., of Northbrook, Ill., showed a new system in which a positive-to-positive nonsilver technique eliminates the use of intermediate negatives. The firm's primary exhibition objective was to find effective agent/distributorship links, and after negotiating with five such representatives, Opto/Graphics president David Marder said this objective was being achieved. In addition, the firm expects $150,000 in sales to follow this year.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for the detailed know-how and analysis in our regular news columns.

U.S. Department of Commerce

Maurice H. Stans
Secretary

Rocco C. Siciliano
Under Secretary

Harold B. Scott
Director,
Bureau of International Commerce

Clarence M. Zens
Managing Editor

America A. W. Favale
Director of Graphics

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in this issue

Current economic conditions and U.S. business prospects in the world's major markets are reviewed in the semi-annual World Trade Outlook section beginning on page 2. The section was compiled by the economic analysts in the Commerce Department's Office of International Regional Economics; its concise reports are based on the latest information received from commercial specialists at U.S. diplomatic posts abroad. Cover photo shows Oakland's container port.

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Special Report

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U.S. OUTLOOK

Moderate trade surplus improvement likely in '70

Substantial advance in exports, modest increase in imports seen as economy slackens

The U.S. foreign trade outlook is for a partial recovery in the trade balance for 1970.

With further economic growth in our major markets anticipated, exports should continue to expand in the remainder of 1970. For the year as a whole, the export rise will be in line with the 10% increase recorded in each of the past two years.

Imports will probably remain at high levels in the months ahead. While depending importantly on the course of the U.S. economy, the rate of increase for 1970 should be below last year's 8.5%. Based on these projections, the resulting merchandise trade surplus would improve by more than $1 billion from the $1.3 billion total posted last year. The higher level, however, would still be substantially below the surpluses earned during most of the sixties.

In the first four months, exports were running at a seasonally adjusted annual rate of $41.3 billion, 3.6% above their pace in the final 1969 quarter. Compared with last year's actual total, the increase was 10.6%. Imports climbed from the fourth quarter by 3% to a rate of $38.9 billion. This total exceeded the full year 1969 value by 7.9%. The merchandise trade surplus in January-April reached a seasonally adjusted yearly rate of $2.4 billion.

Meaningful comparisons with the same period last year cannot be made because January-April 1969 trade was severely distorted by the long dockstrike at Atlantic and Gulf ports.

Foreign economies buoyant

The favorable outlook for U.S. exports in the remaining months of 1970 is based on projections for continued high levels of business activity in most industrialized countries. Recent forecasts of economic growth in the European Communities (EC) put the 1970 rise in the combined gross national product of the six countries at 5½%, a full percentage point higher than assessments made at the end of last year. Both industrial production and investment in the region are expected to register substantial gains, which bodes well for U.S. exports of industrial materials and capital equipment.

U.S. sales prospects in other countries in Western Europe also remain bright. A substantially improved balance-of-payments position plus an acceleration in economic growth in the United Kingdom should lead to a faster rise in shipments to that country, our largest single European customer.

Despite the implementation of policies designed to reduce growing inflationary pressures, no substantial slackening is foreseen for the booming economy of Japan. Import demand will continue buoyant and our sales there should register another sharp gain this year.

Prospects for exports to Canada appear less promising in view of the slowdown in economic activity there and restrictive monetary and fiscal policies designed to restrain inflation. Shipments are likely to rise at a considerably slower pace than in the past two years. Some benefit to our sales may result from the de facto revaluation of the Canadian dollar following the adoption of a floating exchange rate.

U.S. exports to the developing countries are expected to rise more rapidly this year than the 4% increase in 1969. The improved foreign exchange position and the continuation of development programs in key countries are the major factors stimulating demand. The value of commodities financed under PL-480 and AID programs, however, will not change significantly from 1969 levels.

Indications are that U.S. exports to the American Republics will show a faster rise than last year on the strength of buoyant economic activity in key countries. Shipments to East and South Asia should recover from a 1969 decline which was caused by a sharp cutback in food aid deliveries to India and Pakistan. Sales to other countries in the region will continue to climb, but less vigorously than in the previous two years.

Shipments to the developing countries of Africa are expected to increase again. Chief factors in this favorable outlook are continued high levels of investment in the region's extractive industries, greater exchange earnings due to generally higher export commodity prices, and more stable political conditions in Nigeria. On the other hand, substantially less rapid growth is forecast for U.S. exports to the Near East after a steep climb in 1969.

Exports to the USSR and other East European countries, which totaled about $250 million in 1969, are expected to rise modestly this year.

Import pace slower

Despite the sluggishness in the U.S. economy, imports have continued to rise so far this year. By contrast, a similar weakening in economic activity in 1967 led not only to a reduction in imports but also to a drop in the import-GNP ratio. In the current slowdown, the propensity to import actually increased, with the im-

The next issue . . .

Subscribers to INTERNATIONAL COMMERCE are advised that a major expansion of the magazine involving broadened coverage of the business scene is immediately ahead. The next issue, to be published on July 13 rather than on July 6, will appear as a part of a new Department of Commerce biweekly publication entitled COMMERCE TODAY. Familiar INTERNATIONAL COMMERCE features will appear, along with reports on the domestic economy and on the applications of technology in the world of business. For more details, see the announcement on the back cover of this week's issue.

port-GNP ratio climbing from 4% experienced in the third and fourth quarters of 1969 to 4.1% in January-March of this year.

The trend of imports in the remainder of 1970 depends on the course of the economy. Since the pickup in business activity will apparently occur later than previously predicted, imports will probably show little vigor in the next several months but will not recede significantly from recent high levels. When the economy does recover, a step-up in the rate of inflow of goods can be expected. For the full year, nevertheless, the increase in U.S. imports will be more moderate than in 1969.

Nonfarm goods lead export rise

Shipments of nonagricultural products will provide most of the advance in U.S. exports in 1970. Although the rate of increase will probably fall short of the 13% expansion recorded last year, a sizable export gain is anticipated. The strong performance so far this year supports this favorable outlook. In January-April, nonagricultural deliveries averaged 4.4% higher than in the final 1969 quarter.

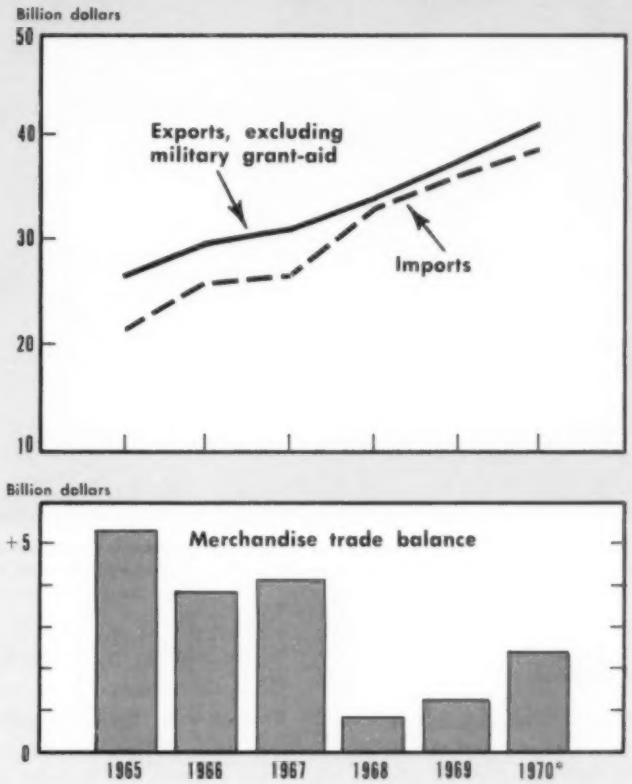
Machinery exports—which account for about one-third of our nonfarm shipments—are expected to expand again. Recent projections of capital expenditures abroad indicate that investment spending for plant and equipment will be maintained at high levels in most major industrial countries, though the gains should be more moderate than last year. Accordingly, our machinery exports are not expected to grow as rapidly as in 1969 when a 15% rise was achieved.

In the first four months of 1970, shipments of machinery were running marginally above the final quarter rate. Among the items showing strong gains were computers and parts, conventional office machines, electric power machinery and switchgear, and electronic components. However, these increases were partially offset by reduced deliveries of construction tractors and metalworking machinery.

Shipments of computers and semiconductor devices, both of which increased steeply in 1969, should contribute heavily to this year's advance in machinery exports. Deliveries of conventional office machines are also expected to rise substantially, as U.S. companies increase exports of parts for assembly at overseas facilities.

This article and the accompanying chart were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

U.S. trade surplus increases this year as exports rise faster than imports



*January-April 1970 at seasonally adjusted annual rates

Continued foreign demand for labor saving equipment will spur another increase in materials handling equipment exports. Shipments of telecommunications apparatus, particularly radio and TV broadcast equipment and electronic navigational aids, are also likely to climb further.

Sales of civilian aircraft turned upward sharply in January-April after a slump in 1969. In addition to a pickup in deliveries of medium-sized passenger transports, the initial deliveries of the new jumbo jet to airlines in Western Europe contributed significantly to the advance. Sales of these large capacity jetcraft will be the primary factor in the large increase in civilian aircraft exports projected for this year. Deliveries are expected to approach the record set in 1968, with most of the increase concentrated in the first half of the year.

Shipments of automotive products to Canada in January-April were running below their rate recorded in the final 1969 quarter. While some increase is possible in the coming months, deliveries for the year as a whole are not likely to rise much above 1969 totals. The sluggish pace in these shipments so far this year has reflected the drop in auto demand both in this country and in Canada. The possibility of a strike in the auto industry when labor contracts expire in September adds an element of uncertainty to both the domestic sales picture and the export outlook.

Chemical exports increased substantially in the first four months after a rather lackluster performance last year. Major gains were recorded in sales of organic chemicals, pharmaceuticals, and plastic materials. Shipments are to continue buoyant in the remaining months,

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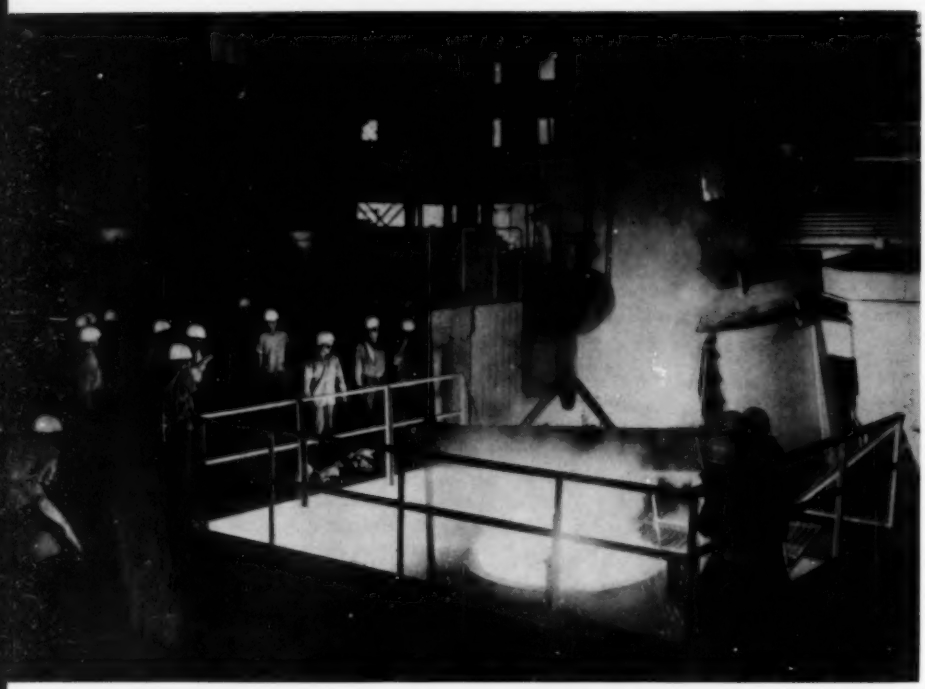


FOREIGN STEEL PRODUCTION, at near-capacity operation, is sparking expansion in U.S. coal exports and continued advances are expected. Pictured above is the National Iron and Steel mill in Singapore.

stimulated by strong economic activity abroad and the further expansion of the chemical industries in Japan and Western Europe.

The longer than expected boom in foreign steel demand kept our exports of iron and steel-mill products on an uptrend in January-April following an exceptional performance in 1969. Recent reports indicate that pressure on foreign productive capacity will continue for some time so that further export increases can be expected. The gain will be considerably more moderate than the three-fifths rise recorded last year, however. Most of the increase will be in shipments of primary forms and other semifinished types of steel which are processed into finished products abroad.

Aluminum exports also increased in the first four months. Given the prospect of continued high rates of industrial production abroad for the remainder of the year, further gains are projected. Deliveries of copper climbed in January-April, but, for the year as a whole, will probably not show any significant change from 1969 levels.

Near-capacity operation in foreign steel production sparked a strong expansion in U.S. exports of coal. Continued advances are anticipated in the fuel outflow for the remainder of 1970. Deliveries will be retarded somewhat by supply constraints, however, since shipments presently exceed production. The value of coal exports will be augmented by considerably higher prices.

Recovery in farm exports

Greater foreign demand and the absence of losses related to the dockstrike—which depressed shipments in early 1969—will spur agricultural exports to their first annual increase since 1966. While the high export rate of recent months is not expected to be maintained in the period ahead, the 1970 total should be substantially above that for last year.

Soybean exports were particularly expansive in the first four months, with most of the increase going to Western Europe and Japan. Reduced supplies of competing animal feeds and continued gains in numbers of livestock and poultry stimulated demand in those areas. Further increases are projected in the months ahead. Shipments of soybean products—specifically oil and meal—are also expected to rise.

Increased world feed requirements should lead to an increase in corn shipments. However, the rise will be relatively small as heavy supplies are available for export in Argentina and South Africa, our two largest competitors. Wheat exports are expected to rise in 1970 following three successive years of decline. Through April, these movements were boosted by bigger PL-480 shipments to India and Pakistan and greater demand in Western Europe. In the months ahead, sales to Japan should improve.

Shipments of cotton may show a slight recovery from low levels recorded in 1969, as a consequence of reduced foreign supplies and increased financing available under government programs. Tobacco exports fell in the first four months but a pickup is anticipated later in the year. Shipments in 1970 should come close to the record value posted last year.

Consumer demand buoyant

Foreign consumer goods are once again expected to provide a substantial portion of the U.S. import expansion in 1970. This projection is based on the prospect that consumption expenditures will continue to advance in this country as higher Social Security payments, Federal income tax changes eliminating the surcharge and raising personal deductions, and the Federal pay raise swell consumer incomes. Unless there is an unexpected shift in demand patterns, foreign consumer goods will further penetrate the U.S. market. However, the rate of increase in these imports should be more moderate this year than last.

The advance in purchases of consumer goods so far in 1970 has been led by clothing and footwear. Imports from Japan and the developing countries of Asia accounted for most of the rise in clothing arrivals, while West European suppliers contributed the bulk of the increase in footwear imports. Further advances in entries of both clothing and footwear are anticipated in the months ahead.

Following a large increase in 1969, imports of television sets are to level off. The major factor in this sluggishness is weak consumer demand for color receivers. In the first four months, television imports showed no change from final quarter 1969 levels. Purchases of radios, however, are expected to move to higher levels again this year but not as rapidly as in 1969.

Deliveries of automotive products from Canada have been running below levels reached in the final months of last year. Assuming a pickup in U.S. auto demand, arrivals of cars from Canada will show only a modest rise in the remainder of 1970. The full year rise will fall considerably short of the 1969 import increase of one-third. As with exports, the trend will be strongly affected by the outcome of labor-management negotiations for contract renewal.

Imports of cars from non-Canadian sources have in recent months exhibited

considerable vigor despite the slump in the auto market. This strong performance reflected not only the build up of dealer inventories associated with the introduction of new models but also greater demand for imported cars of most types. Further increases are likely in coming months. For the year as a whole, foreign car arrivals could register a larger advance than last year's 7%.

Purchases of such consumer goods as tape recorders, watches, toys, sporting goods, and gem diamonds are also to continue to show increases. Most of these imports have been rising steadily for a number of years.

Although the latest Commerce-SEC survey of capital spending plans indicates a slowdown in business investment in the remainder of the year—particularly in the manufacturing sector—imports of foreign capital equipment are projected to rise again in 1970. Because of the substantial time lag between orders and delivery, the planned cutback in U.S. investment spending is not likely to affect imports to any significant degree for some months. So far this year, capital equipment purchases have been running strongly ahead of the fourth quarter 1969 rate.

Machinery imports should again provide the major part of the advance in purchases of capital equipment. Office machinery, especially from U.S. affiliated firms abroad, and metalworking equipment will be the largest gainers in the nonelectrical category. Arrivals of electrical transformers, turbines and components, all of which showed big increases last year, will again move up strongly.

Entries of trucks, primarily from Canada, are expected to pick up in the period ahead from the sluggish pace evidenced in the first four months. However, the full year 1970 increase should be more moderate than last year's rise of one-third.

Little change is anticipated in imports of civilian aircraft. However, purchases of engines will be boosted by the initial deliveries of jet engines manufactured in the United Kingdom for a new large-capacity passenger transport being produced here.

In spite of the nearly steady decline in U.S. industrial production since mid-1969, purchases of industrial materials continued to increase in the first four months. Greater imports of petroleum, chemicals, and textiles contributed most to the advance. While the import outlook depends primarily on the trend in industrial production here, a rise in industrial materials purchases for the year 1970 seems likely.

The strong advance in petroleum imports in January-April resulted to a large degree from higher crude oil arrivals from Canada, though deliveries of residual fuel oil from Southern Hemisphere countries also rose rapidly. The conversion of voluntary controls to mandatory restrictions will retard the flow of crude petroleum from Canada. An offsetting factor, however, is the planned increase in purchases from Venezuela. A substantial rise in petroleum imports thus seems assured.

Chemical imports are expected to continue growing for the rest of the year. In January-April, purchases of organic chemicals were most expansive. Many of these products are shipped by U.S. subsidiaries for further processing here. Imports of plastics and of manufactured fertilizers should increase.

Although U.S. newsprint producers will continue to boost production at facilities in this country, arrivals of newsprint are expected to rise again. Higher prices will add to the value of these imports.

Imports of iron and steel-mill products continued to decline in the first four months. Present indications are that the inflow will not increase significantly in the remainder of the year, both because U.S. demand is expected to continue relatively sluggish and because the boom in steel demand abroad will continue to restrict foreign export availabilities. If these expectations materialize, steel imports will fall below the level permitted under the agreement with producers in the European Communities and Japan.

No significant increase is anticipated in purchases of copper and aluminum in 1970. High foreign prices—resulting primarily from the continuing industrial boom in Europe—are the major factor in holding down U.S. demand for foreign copper. Aluminum imports will be restrained by an increase in our production which, however, will lead to expansion in arrivals of bauxite and alumina.

Following a slight decline last year, imports of foods and beverages will advance substantially in 1970 as indicated by the sharp upturn recorded in the first four months. Most major commodity imports are expected to contribute to the increase.

For meat imports, the outlook is for continued growth in the coming months as U.S. demand and prices remain high. Purchases of sugar will increase in response to the anticipated advance in consumption and the shortfall in the Puerto Rican production. Imports of fresh vegetables, fish, and whisky are also expected to rise.

Although the quantity of coffee purchases in the period ahead will be higher than in January-April, the 1970 total will not be substantially different from last year's. However, the value of deliveries to this market will be greater, due to price increases.

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are presented on pages 6-65.

The 60 summaries, by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

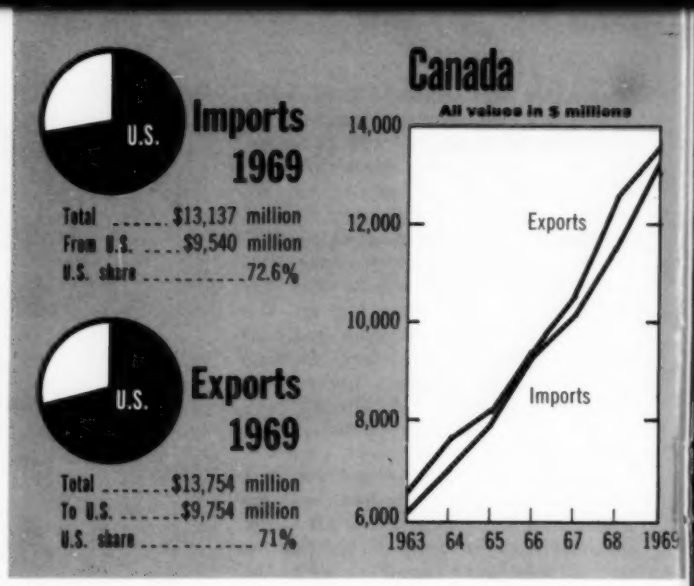
U.S. EXPORTS TO AFRICA are increasing, as development progresses. Below, power lines over Zambia.

XUM

Canada

Freely-floating dollar should boost imports despite economic slowdown

By ROBERT HAMERSCHLAG
European Division, BIC



Aided by the recent appreciation of the Canadian dollar, U.S. sales to Canada should pick up in the second half of the year. Canadian imports from the United States in the first four months of the year totaled C$3,424 million, virtually the same level as the comparable period of 1969. Overall Canadian imports were up 2.6%, putting the U.S. market share down slightly at 74%. The failure of Canadian imports to grow more rapidly is attributed to the general slowdown in the Canadian economy, with both consumer spending and capital expenditures by business falling below expectations.

An entirely new element was introduced, however, when on June first the Canadian dollar was cut loose from its peg at U.S.$0.925 and allowed to float freely on world currency markets. Based on the first week of unpegged trading, the Canadian action was tantamount to a 4% appreciation of its currency. The move should stimulate imports, particularly of price-sensitive commodities, and may result in price reductions for Canadian consumers.

Canadian exports, which were unusually buoyant in the first five months of the year, will become more expensive on world markets and export growth may be slowed.

Because the upward movement in the Canadian currency is not great, it is unlikely that any drastic shifts will occur in the foreign trade sector. Moreover, the Canadian Government can be expected to intervene in the exchange market should the dollar appreciate to a degree which could seriously impair the competitive position of Canadian exports. Initial speculation in financial circles is that the Canadian dollar may be allowed to float for several months at least, and that it will eventually settle a few cents below parity with the U.S. dollar, near where it traded in the first week.

Although the Canadian economy has responded to the Government's policies of fiscal and monetary restraints by slowing perceptibly, a modest growth in GNP was achieved in the first quarter of 1970. Seasonally adjusted at annual rates, the total value of goods and services produced in Canada reached C$82.9 billion, a 2.5% rise over the fourth quarter of 1969. In real terms the growth rate was 1.7%, indicating some moderation in the rate of price increase.

The ability of the economy to score a modest advance in GNP is largely explained by the exceptionally strong performance of exports.

Business outlays on machinery and equipment in the first quarter dropped 5.4%, which helps account for the disappointing level of U.S. exports to Canada. The drop in capital spending by business was unexpected in view of the April survey of capital spending intentions which showed that business expenditures for plant and equipment would rise by 8% in 1970. Although it now appears unlikely that this figure will be reached, an upturn in capital spending is anticipated in the second half of the year, based on the expectation that the Government will pursue slightly easier monetary and fiscal policies to offset the deflationary effects of the currency appreciation. In fact, the government has already taken certain steps in this direction by dropping the Bank rate from 7.5% to 7.0% and by scrapping consumer credit controls which were due to be instituted this summer.

As the U.S. is a major supplier of capital goods, a rise in capital spending should spur second-half sales to Canada.

CANADA'S CHIEF IMPORTS FROM U.S.: autos and parts, machinery, electronic computers, scientific and communications equipment, aircraft and parts, coal, textiles, fruits and vegetables, chemicals, metals and minerals. CANADA'S CHIEF EXPORTS TO U.S.: autos and parts, newsprint, wood pulp and lumber, crude petroleum and natural gas, iron ore, aluminum, nickel, copper, potash, fish, whiskey, aircraft and parts.

Products which offer the most promise for U.S. exporters are: advanced machinery for construction, mining, oil field, metal-working (numerically-controlled), chemical, and electronics manufacturing; office equipment, including computers; advanced electronic equipment; and industrial process controls.

Although the Canadian economy has slowed, prices continued upward but the rate of increase was no longer accelerating. The consumer price index in April stood at 4.1% above the previous April. The most serious problem facing the government was growing unemployment. Expressed as a percentage of the labor force, the unemployment rate in April was 6.6% compared with 5.4% a year ago. Because of regional disparities the unemployment problem was much more serious in Quebec and the Atlantic provinces.

Consumer expenditures on goods and services in the first quarter rose by only 0.5%, compared with the previous quarter's increase of 3.3%. This rate of increase was the smallest in five years and was heavily influenced by the sharp drop in auto sales, which declined in value by 23%. Auto sales are expected to recover from the low levels of the first quarter, but the consumer mood at the moment is extremely cautious, reflecting concern over rising unemployment and the failure of prices to stabilize. Major outlays for consumer durables may be postponed until the economic picture brightens. The appreciation of the Canadian dollar, however, could lead to a revival of consumer spending. Cheaper imports may stimulate buying and a possible relaxation of the government's fiscal and monetary restraints could provide the psychological impulse to restore consumer confidence in the strength of the economy.

Latin gains aid U.S. trade

Sales prospects improve with economic progress; Argentine coup adds note of uncertainty

By KENNETH HYNES
American Republics Division, BIC

U.S. export performance through Jan.-Apr. 1970 portends an increase in 1970 exports to Latin America and the Caribbean area of between 7 and 8% over 1969. This increase could be appreciably altered by the after-effects of the political changeover in Argentina and uncertainties surrounding developments in some other areas.

Among our major Latin American markets, export prospects in general are encouraging. Mexico, the leading U.S. market, is expected to increase its 1970 purchases from the United States by more than 8%. The stability of the Mexican economy, coupled with the requirements of large-scale public investment projects and the vitality of the private sector, will generate heavy import demands.

Both Venezuela and Brazil, normally our second and third largest markets in Latin America, will continue high levels of economic growth. Present indications are that these markets will absorb 4 to 5% more U.S. exports in 1970.

Colombia and Chile have greatly improved their economic position, favored by high coffee prices in the case of Colombia and copper prices in the case of Chile. Steps taken by both countries to liberalize imports should have a salutary effect on U.S. exports. The upcoming elections in Chile have introduced an element of caution in some sectors of the business community that could be translated into restrained trade commitments. The current picture in Colombia points to a sharp increase in demand for imports.

Argentina and Peru pose imponderables as markets for U.S. exports. The effect on Argentine business prospects of the overthrow of the Ongania Government cannot be foreseen at this time. It seems likely, however, that Argentine businessmen will defer heavy commitments until the situation is clarified, which could be a matter of some time.

The situation in Peru has continued to discourage private business initiative. Pressures of inventory requirements, which are acute in some business lines, and capital improvements to equip industry for Andean Group market participation are expected to raise Peru's purchases of U.S. goods from their low level of 1969.

The five Central American Common Market (CACM) countries are still suffering from the economic dislocations caused by the recent conflict between Honduras and El Salvador. The continuing break in relations between those two countries has disrupted trade patterns that had been developed with the CACM. Throughout the CACM, inventory replenishment is exerting a modest but rising import demand that foreshadows an increase in U.S. sales over the depressed 1969 level. Of the CACM markets, Costa Rica offers the best near-term sales possibilities.

With its presidential election now out of the way, the Dominican Republic is expected to experience increased economic activity, including the initiation of major foreign investment projects. A substantial increase in U.S. exports is foreseen. Similarly, an appreciable rise in U.S. exports to Panama is expected to meet the demand for capital goods for use in development projects.

The Caribbean area, excluding the Dominican Republic and Haiti, offers prospects of a moderate increase in imports from the United States in 1970—possibly on the order of 4 to 5%. Near-term prospects in some parts of the area have been dimmed somewhat by internal developments, but long-range prospects appear bright.

The outlook in other regional markets is as follows:

Bolivia—High world market mineral prices (minerals account for 88% of exports) have resulted in Bolivian balance of payments surpluses and have more than offset losses from curtailed petroleum exports. With adequate foreign exchange available, the level of U.S. exports ($21 million during Jan.-Apr.) for 1970 will be increasingly determined by domestic Bolivian economic developments.

Eucador—The balance of payments situation appears to be improving slightly (with vast improvement expected over the next few years), but import restrictions remain relatively high. Suppliers' credits are a double blessing under a prior deposit system tied to terms granted to the importer.

Haiti—Recent rapid growth has taken place in the small export sector made up primarily of transformation industries producing for the North American market. This is expected to boost U.S. sales to Haiti of light industrial machinery and equipment, construction materials, and motor vehicles. Projected expansion of tourist facilities also offers export opportunities to U.S. manufacturers of commercial refrigeration, air conditioning and electrical generating equipment as well as water purification systems.

Paraguay—The value of U.S. exports to Paraguay is likely to show a slight dip in 1970. Declining foreign exchange reserves and increased competition from European and Japanese suppliers have been the major causes of the drop in U.S. sales. However, an improved performance in the Paraguayan economy with a subsequent improvement in the balance of payments situation should minimize the decline in U.S. exports to Paraguay for the remainder of 1970.

Uruguay—The prospects of U.S. exports to Uruguay are excellent for 1970. The value of U.S. exports to Uruguay for the first-third of the year were already more than half the value of exports for all of 1969. A marked improvement in Uruguay's foreign exchange reserves, combined with sizable loans from the Agency for International Development and the Inter-American Development Bank, should encourage further economic expansion in 1970.

The Latin American Free Trade Association (LAFTA) has been relatively quiet in recent months. Prospects for rapid progress in establishing a regional market of the LAFTA nations were set back by the "Protocol of Caracas," which extended the period for the formation of a LAFTA free trade area from 1973 to 1980 and suspended the requirements relating to the Common List. Requirements relating to the national lists were also reduced.

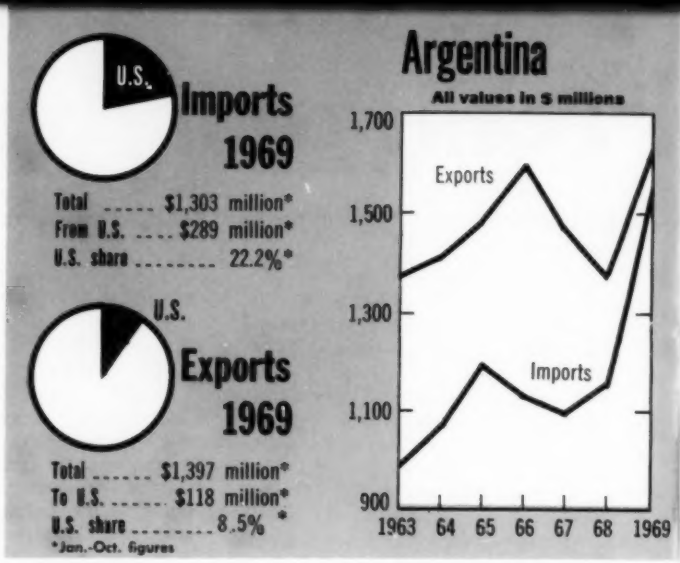
The Andean Group, comprising Bolivia, Chile, Colombia, Ecuador, and Peru, has installed its organizational structure and has taken its first step toward common market status. Chile, Colombia, and Peru have freed 175 first-round LAFTA Common List items from all import restrictions when traded within the Group. Common minimum external tariffs were established on the products to avoid possible trade distortions. Bolivia and Ecuador, as less-developed members, are not yet required to comply with the measures.

XUM

Argentina

New regime's policies unknown as yet; business outlook had been optimistic

By GEORGE M. POLLARD
American Republics Division, BIC



The June 8 assumption of political power in the Argentine Republic by a junta of the three commanders-in-chief of the country's armed forces which ousted President Ongania clouded the immediate outlook for Argentine trade. Pre-June expectations were that Argentina's 1970 imports would be close to the 1969 value of approximately $1,540 million. Better availabilities of corn, wheat, sorghum, grains and seeds and other export items could permit Argentina's 1970 exports to rise to around $1,700 million or better and significantly above the near record high 1969 exports of around $1,600 million. The Government's export target for 1970 had been set at $1,800 million.

Economic activity continued at a high level through May in Argentina, and there was sustained private demand for imports of intermediate goods for industrial processing and for imports of equipment and parts for manufacturing assembly operations, plant capacity expansions, and as replacements and repairs for previously-installed equipment.

The Government of Argentina had hoped to keep 1970 imports near the $1,550 million target for the year.

Argentina's 1969 gross national product, estimated at $17 billion, represented a growth of around 7% over 1968. The Government of Argentina anticipated a 1970 economic growth of about 6%, and tentatively reported that the 1970 first quarter showed nearly this rate.

Economic activity in Argentina rose after early 1967 and particularly after the middle of 1968. Both national and international business confidence was generally strong through May. Labor peace was not fully assured, but prospects were much improved over a year earlier. Considerable opinion anticipated further general upward adjustments in wage rates.

The annual value of Argentina's imports from the United States over the four years 1965-68 averaged nearly $261 million, or over 22.7% of total imports. For the first ten months of 1969, Argentine imports from the United States at $289 million amounted to over 22% of the ten-month total of around $1,303 million. U.S. data on exports to Argentina show a 1969 movement of $378 million and Jan.-Apr. shipments ($151 million) at an appreciably higher annual rate.

Pursuant to a February law, import duty rates were to be adjusted in June on an extensive list of capital goods. This and related 1970 legislation replaced many earlier laws and decrees intended to encourage industrial development which had permitted the authorization of preferential duties or exemptions from duties on imports of capital goods for particular projects and uses. The new rates were scheduled to range from zero to 140% *ad valorem*, approximately in direct relationship to judged Argentine domestic capacity to supply the respective capital goods items. Most items were within the 20% through 120% range.

Some export leads

Transport and other equipment categories which appeared in late spring to offer the most promising potential for import sales in Argentina included construction and mining equipment; materials handling equipment; aircraft and parts; data processing and communication equipment; railway equipment components, assemblies, and accessories; instrumentation for scientific and industrial processing operations; equipment for metallurgical operations and for forming and machining metals; and telecommunications and traffic control equipment.

Petrochemical and other chemical capacity expansions called for increasing imports to equip these new capacities and to upgrade existing facilities. The textile industry continued importing machinery for modernization programs. Publishing establishments were continuing imports of machinery and appliances to augment printing capabilities. Expansion of petroleum and natural gas exploration and producing activities and of pipeline and petroleum refining operations were expected to maintain a good import volume of specialized equipment.

Argentina's annual balance on foreign trade in goods shifted from an excess of exports of approximately $199 million in 1968 down to approximately $70 million in 1969. Early in 1970, the Government of Argentina set $250 million as the 1970 target. The Central Bank's foreign exchange reserves were reported at a comfortable $681 million on Apr. 30, 1969.

The Government of Argentina through May continued to promote foreign private investment and to maintain a service for that purpose. Under terms of various industrial equipment and promotion decrees some 672 specific investment authorizations were approved in 1969. These called for capital goods imports totaling over $200 million, including $96 million in imports for the chemical industry and $27 million for the textile industry.

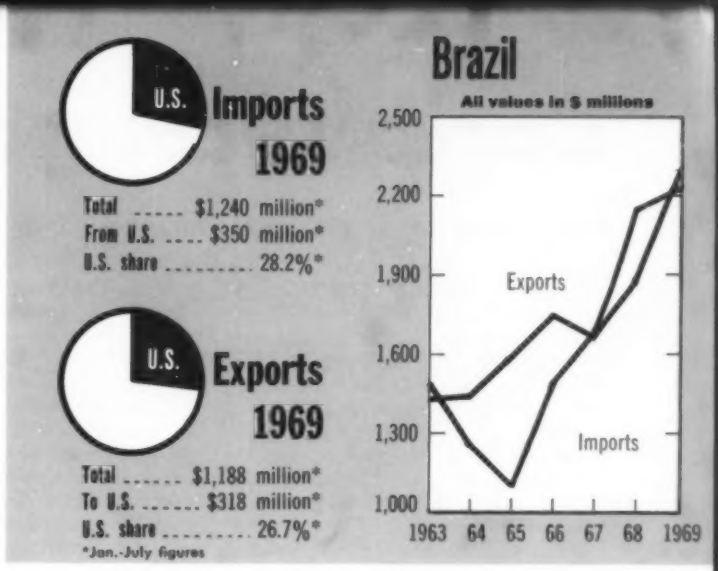
Argentine policy and opinion since 1968 has generally disfavored foreign purchases of all or a majority interest in existing Argentine-owned enterprises. Public policy favored new investments in locations away from the highly-developed Buenos Aires area and in selected lines, e.g., metal mining and manufacture, shipbuilding, construction equipment manufacturing, papermaking and processing, and manufacture for export in general.

ARGENTINA'S CHIEF IMPORTS FROM U.S.: machinery and mechanical appliances, iron and steel, organic chemicals, automotive equipment and parts, scientific apparatus, aviation equipment and parts, aluminum and aluminum alloys. **ARGENTINA'S CHIEF EXPORTS TO U.S.:** meat (canned and otherwise prepared), wool, leather, iron and steel, sugar.

Brazil

Rapid growth creates strong demand for imported machinery, raw materials

By EVELYN R. HESSLER
American Republics Division, BIC



Estimates of Brazil's imports during the first four months of 1970 show a continuing upward trend. Total imports for 1969 are estimated at $2,206 million (c.i.f.), as compared with $2,132 million (c.i.f.) the preceding year.

The U.S. share of this growing market has, however, been declining. U.S. export data show a drop in exports to Brazil from $709 million in 1968 to $672 million in 1969. The principal commodity sections registering declines were food and live animals, inedible crude materials, mineral fuels and lubricants, and chemicals. Increases were shown in exports of machinery and transport equipment and other manufactured goods.

Brazil's rapidly growing economy is creating a high level of demand for imports, with greatest import gains expected in machinery, equipment, and raw materials.

Growth rate high

After several years of relative stagnation in the mid-sixties, gross national product in 1969, estimated at $32.2 billion, showed an estimated 9% increase over 1968 when GNP was up 8%.

This is expected to be another good year. Industrial expansion plans registered with the Ministry of Industry and Commerce in 1969 project investments of almost $1 billion, a 212% real increase over 1968 registrations; motor vehicle production during the first quarter was considerably above a year earlier; and non-coffee agricultural production is expected to be up 20%. In the State of Sao Paulo, which accounts for more than 50% of total Brazilian imports, first quarter industrial sales were reported to be 7% above the corresponding period a year earlier.

The overall growth rate officially projected for 1969-73 is between 7 and 9% annually, based on 6% annual growth of the agricultural sector, 10% in manufacturing, 8% in transportation and communications, and 10% in construction.

From an annual rate of 86% in 1964, the increase in the Rio de Janeiro cost of living index has declined to the 24% level over the last three years. The rise in 1969 was primarily due to short food crops resulting from drought. The general price index, wholesale prices, money supply and credit increases were substantially lower than in 1968. During the first four months of this year, the increase in the cost of living index was less than a year ago, but the general price index and wholesale prices recorded somewhat larger increases.

Plus factors for U.S. exporters in this growing market include product acceptance, interest in new technology, well-established representation, and sizable U.S. investment. On the negative side, third-country suppliers are highly aggressive, are more competitive in price in some lines, and in many cases offer better terms. Financing continues to be the most important single competitive factor in this market.

Seven-month data for 1969 show that imports from the United States accounted for 28.2% of Brazil's total imports of $1,240 million (c.i.f.). Other leading suppliers were West Germany (13%), Argentina (7%), and Japan (5%). In 1968, imports amounted to $2,132 million (c.i.f.), with the U.S. share 32%.

In both years, wheat, organic chemicals, copper and copper alloys, fertilizers, and construction and mining machinery were among Brazil's chief imports from the United States. In 1969 road motor vehicles and parts; agricultural machinery, appliances and parts; power generating machinery and parts; and pumps, centrifuges and parts were also among the leaders.

BRAZIL'S CHIEF IMPORTS FROM U.S.: wheat, road motor vehicles and parts, organic chemicals, agricultural machinery (including tractors), power generating machinery and parts, copper and copper alloys, fertilizers, construction and mining machinery and parts, pumps, centrifuges and parts. BRAZIL'S CHIEF EXPORTS TO U.S.: green coffee, sugar, cocoa, castor oil, canned meat and preparations, manganese and iron ores and concentrates.

Machinery, equipment and raw materials are expected to show the greatest import growth in 1970. In addition to the product categories listed above, chemical and petrochemical processing equipment, industrial and scientific instrumentation, office machines, graphics machinery, machine tools, and electrical switching, control and distribution equipment appear to offer good export prospects in 1970. Brazil's import system facilitates imports of goods needed for economic development while restricting luxury imports and imports of goods considered similar to domestic production.

While Brazil's imports were up moderately in 1969, exports were up more than 20% to an estimated $2,297 million (f.o.b.). These factors combined with substantial capital inflows to produce a balance of payments surplus. Gold and foreign exchange reserves were reported to be $631 million at the end of November 1969 as compared with $260 million a year earlier. In 1970, the balance of payments should again be in surplus, as market and price prospects for Brazil's exports are extremely good.

The Export-Import Bank's new relending credit program, which is designed to develop additional markets for U.S. exports, has created widespread interest in Brazil. Under this program, the Bank has authorized direct credits totaling approximately $20 million to a number of Brazilian banks for relending to small and medium-sized private industries for the purchase of selected categories of U.S. machinery and equipment. The program is expected to be fully operational shortly.

XUM

Caribbean gains continue

Area's long-range prospects are good, but 1970 outlook is cloudy in some parts

By KATHLEEN M. MURPHY
American Republics Division, BIC

U.S. exports to the Caribbean area—excluding Haiti and the Dominican Republic—amounted to $706.6 million in 1969, 10% increase over 1968. U.S. exports to the area are expected to increase at a steady but more modest rate this year. Conservative projections for 1970 are for a total of $739 million in American exports.

Several factors influence this prediction for a modest slowdown: the effects of recent disturbances in Trinidad; increasingly vocal demands by political leaders in some islands for local participation in the ownership of foreign firms; the increasing competitiveness of Europe in attracting American tourists; and, finally, the tight money situation in the United States. These factors may contribute to a slower rate of growth and investment in the Caribbean, with a corresponding slowdown in trade with the U.S. The area continues to develop, however, and prospects are bright for the long-range future.

After two years in operation, the Caribbean Free Trade Association (CARIFTA) is running smoothly and trade among the member nations is reported to be rising steadily. The Caribbean Development Bank (CDB) was formally inaugurated on Jan. 31. The Bank's aim is to promote better utilization of the area's resources and markets by combining planning and technical assistance with loans and investments. Initial emphasis of the CDB will be on tourism, light industry and agricultural diversification, which should prove particularly beneficial to the smaller islands.

Bahamas. Tourism continues to dominate the Bahamas' economy; a 1969 survey showed that the tourist industry accounts for 71% of the gross national product, employment of two-thirds of the labor force and 60% of total revenue. The number of visitors to the island increased by over 24% in 1969. Preliminary 1970 estimates indicate that tourism continues to enjoy a strong growth rate, although perhaps not quite as high as the 1969 rate, due to U.S. economic conditions.

The construction industry is also growing as a result of increased investment in tourist facilities and major government expenditures on housing and public works projects. Construction in Freeport, however, has declined somewhat as a result of high mortgage rates, as well as tight immigration restrictions applied within the last year which limit the number of technically-skilled and managerial personnel who may be brought in to work in the construction and other industries.

The steady growth in tourism and construction should continue to assure U.S. exporters of a growing market in the Bahamas. There is an increasing demand for imports of construction equipment, air conditioning and cooling equipment, structural steel, lumber, and many consumer items including food, textiles, appliances, motor vehicles and furniture.

Bermuda. The outlook for increasing U.S. exports to Bermuda remains favorable as the economy continues to grow. Tourism, the chief industry and earner of foreign exchange, is growing steadily; the number of visitors increased by almost 20% in 1968.

The United States continues as Bermuda's major trading partner, enjoying an import market share of 46% in 1968. Traditional trading patterns with the U.S. should remain unchanged. Major U.S. exports to the island include food, a wide variety of consumer goods, and raw materials and semi-manufactured goods which are manufactured or processed and re-exported.

Jamaica. The U.S. share of the Jamaican market climbed to well over 40% in 1969, despite non-preferential tariff treatment and the 1967 devaluation of the Jamaican pound.

Gross domestic product rose slightly more than 9% during 1968 and is expected to continue growing at the same rate.

Investment expenditures in 1968 amounted to $278 million, a 31% increase over the previous year. New fixed investment in the bauxite and alumina industry is expected to exceed $450 million during the next four years, most of it for the construction of three alumina plants.

Increasing investments in the mining, manufacturing, tourist and construction industries should support growing demands for imports of construction materials and equipment, mining equipment, and various types of raw materials for processing by local manufacturers. In addition, food, textiles and clothing, electrical appliances, automobiles and many other consumer goods continue to be in increasing demand.

Trinidad. Recent political disturbances in Trinidad may have an adverse effect on the growth of U.S. imports to the island in 1970 due to an anticipated drop in tourism. Demands for local participation in the ownership of foreign enterprises are increasing and may change the amount and type of foreign investment that is attracted. At present, however, hotel construction and development of other tourist facilities appears to be going ahead. More petroleum companies have acquired leases to explore off-shore oil and natural gas resources discovered over the last two-and-a-half years.

Long-range prospects for increasing U.S. exports to Trinidad, therefore, are encouraging. The new concentration on tourism, food production and light industry (as outlined in the new Five Year Plan for 1969-73) should create a strong demand for imports of building materials, construction and hotel equipment, and raw materials for use in local production processes. Imports of equipment for the oil refining and petrochemical industries should also increase.

Netherlands Antilles. The United States supplies approximately 45% of total imports (excluding oil imports) to the Netherlands Antilles and it appears that the U.S. will maintain or increase its share of the market.

Petroleum refining continues to be the mainstay of the economy, contributing 20 to 25% of national income. Oil constituted 76% of the imports and 95% of exports in 1968. The Government's current Multi-Year Development Plan is directed toward improving the infrastructure of the islands to make them more attractive for industrial development by private enterprise. Included in this Plan are projects to build roads, schools and health facilities, to improve airports and harbors, and to expand water and electricity production.

The expected increase in private foreign investment in the tourism and light industrial sectors, coupled with the Government's public works expenditures, should stimulate increasing demands for imports of construction materials and equipment, hotel equipment and tourist items, food and various consumer goods.

Central America

Border war's aftermath prevents further progress, revives long-buried grievances

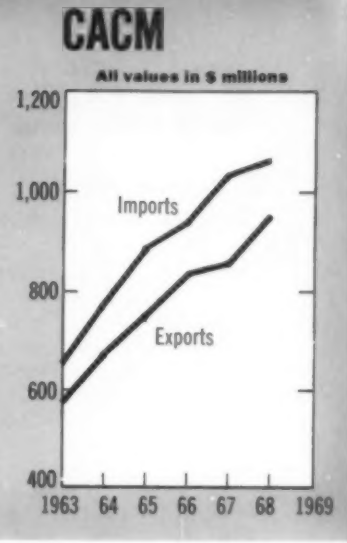
By ROBERT H. BATEMAN
American Republics Division, BIC

U.S. Imports 1968

Total ..... $1,053 million
From U.S. ..... $400 million
U.S. share 38%

U.S. Exports 1968

Total ..... $954 million
To U.S. ..... $311 million
U.S. share 33%



Central American imports in 1970 are likely to show an increase over 1969, which was a particularly bad year. The U.S. share of the market is expected to remain in the 38 to 40% range based on total trade, or 50% based on extra-regional trade only.

Among factors influencing the trade outlook, the most important are integration problems within the Central American Common Market (CACM), the future of which remains clouded in uncertainty. For a year after the conflict between Honduras and El Salvador diplomatic and trade relations between the two countries have not yet been reestablished and El Salvador is still denied access to that part of the Inter-American Highway that runs through Honduras. Furthermore, there is still friction along the border.

At their June 2-4 meeting, Central American foreign ministers agreed upon a plan to pacify this border area. Military supervisors under the aegis of the Organization of American States (OAS) are to prevent further incidents and encourage the population of the area to return to a normal way of life.

But while the demilitarization of this border area is undoubtedly a key to the return of normalcy in the area, there is no simple solution in sight to the broader economic problems. What the July 1969 conflict and its aftermath seems to have done is to push into the political arena what would have ordinarily been considered essentially economic and commercial matters. It seems also to have served as a catalyst, intensifying grievances not directly related to the conflict and resurrecting issues which seemed to have been settled long ago.

This state of affairs seriously affects those Central American firms that need access to the regional market to stay in business. And, naturally, it tends to discourage new investment in operations with a regional purview. It also prevents the CACM from recovering its lost momentum and gives heart to protectionist sentiment, which is still alive after some ten years of successful CACM operation.

Apart from the general desire to defuse the lingering political animosity between Hondurans and Salvadorans, there is considerable disagreement among CACM leaders as to what the next step should be to rebuild the CACM. To some, especially Salvadoran and Guatemalan industrialists, all that is really needed is to pick things up where they were in the first half of 1969 and perhaps streamline the day-to-day operations of the CACM organization. To Nicaraguans and Hondurans, on the other hand, a more profound restructuring of the CACM is needed, with the emphasis placed on a fairer distribution of the gains resulting from integration.

There are, however, strong forces arguing for an accommodation of differences. Most important of these is the need of manufacturers and traders to know the "rules of the game." Even their most elementary plans and decisions have to be based on something concrete. So businessmen can be expected to press for some acceptable resolution of the more immediate problems. Another positive factor is the serious interest of President Figueres of Costa Rica and President-elect Arana of Guatemala in mediating an agreement.

While all five member countries are suffering to some extent from the current CACM difficulties, the pinch is being felt most by those countries like El Salvador and Guatemala with a relatively large industrial sector oriented to the regional market. The recent economic growth of El Salvador has not been nearly as dramatic as in the previous several years. The rise in world coffee prices and increased cotton sales appear to have been offset by a decline in private investment. Increased military expenditures and the lack of a satisfactory means of reaching markets in Nicaragua and Costa Rica are still other negative factors.

Guatemala experienced a leveling off of economic growth in 1969, but there is a cautious optimism for 1970 based on good prospects for increased agricultural exports to world markets and the increase in private investment expected to be encouraged by the Arana Government.

The Costa Rican economy, led by increased banana exports, continues buoyant. However, the country still has to deal with a serious fiscal situation and a balance of trade deficit. The exchange rate was recently reunified at 6.62-6.65 colones to the dollar.

The economic outlook in Honduras is mixed. The growth rate has decreased primarily due to a decline in privtae investment, itself a result of uncertainty regarding the future of the CACM. A crucial factor in the near term is the ability to increase exports to third countries.

Although its long-term prospects are bright, Nicaragua will probably continue to experience serious fiscal and balance of payments problems in 1970.

Product categories with some promise in the near term for increased demand throughout the region include hotel and restaurant equipment for tourist facilities, and food processing and other types of equipment for use in agricultural and food industries exporting to world markets.

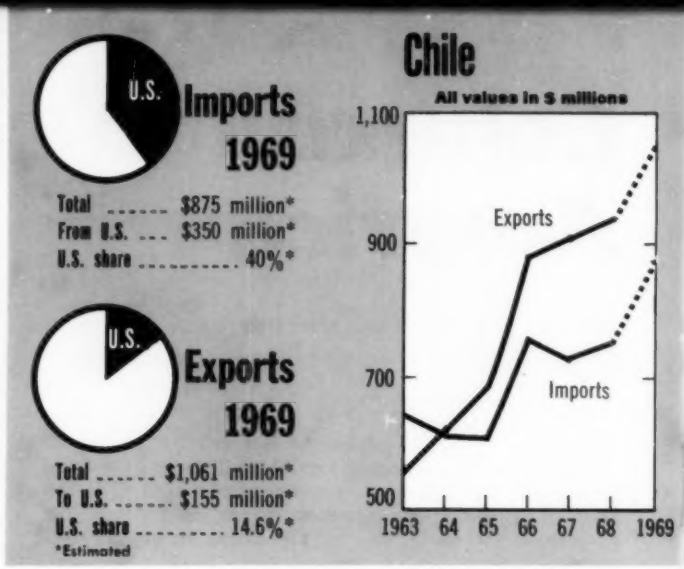
CACM'S CHIEF IMPORTS FROM U.S.: machinery, automobiles and parts, chemicals, paper and paperboard, fertilizers, insecticides, medicinals and pharmaceuticals. **CACM'S CHIEF EXPORTS TO U.S.:** coffee, bananas, sugar, beef, shrimp.

XUM

Chile

Economic recovery to continue in 1970; imports draw near billion dollar mark

By HERBERT A. LINDOW
American Republics Division, BIC



The outlook for Chilean imports is for an increase of about 12% over 1969 levels. In 1970 Chile's imports may very well approach $1 billion for the first time.

The principal factors contributing to the import surge are: (1) economic recovery; (2) a strong balance of payments position; and (3) government policies of liberalizing trade and exchange controls.

The Chilean economy is expected to grow at a rate of 5-6% in 1970, thus extending the economic recovery which began in 1969. Agriculture, mining and manufacturing all should show good gains. Agriculture, hard hit by a severe drought in 1968-69, is getting back to normal; mining output is being expanded substantially, particularly in copper, as new facilities come on stream; and manufacturing industries are expected to move ahead under the impetus of strong consumer demand and expanding production in such areas as automotive vehicles, electronics, cellulose and paper, petrochemicals and chemicals.

Balance of payments strong

Chile's balance of payments position was very strong in 1969 due principally to favorable international prices for copper. The balance of payments should continue in substantial surplus in 1970, barring unforeseen circumstances. Chile's net international reserves amounted to $220 million at the end of 1969.

Given the strong balance of payments position, the Chilean Government has taken numerous measures since mid-1969 to relax controls over trade and exchange transactions. These measures have a number of objectives, among which are to make highly protected domestic industries more efficient through exposure to foreign competition; to lower costs and prices to the Chilean consumer; and to expand Chilean exports.

Specific measures already taken include a substantial liberalization of imports. Since early 1970 all products except automotive vehicles, electronics and luxury goods may be imported. Many types of consumer goods previously prohibited may now be imported. To protect domestic industries during a transition period, the Chilean authorities have increased duty rates on many of these items. However, they have stated their intention to reduce such protection over time in line with the policy of encouraging greater efficiency on the part of domestic industry.

In another step to relax controls the Chilean authorities have substantially reduced prior import deposits on many items and in some cases have eliminated the requirement altogether.

With respect to payment delays, gradual progress has been made. However, a waiting period of about 65 days is still in effect. This waiting period is to be eliminated some time in 1971. The waiting period begins on the day that the importer contracts for forward exchange with the Central Bank. According to Chilean regulations, the importer must contract forward exchange not later than 50 days after the date of the bill of lading. Assuming that an importer enters a contract on the 50th day, suppliers may expect to wait at least 115 days before a remittance is made.

Data on total Chilean imports for 1969 is not yet available. Chilean import data for the first seven months of 1969 indicate that the United States had a share of 36.1% of the total import market, down from 38.4% for all of 1968. The decline may have been due to the U.S. port strike and the U.S. share for all of 1969 probably remained in the 38-40% range.

In 1970, imports from the United States are expected to decline slightly from record 1969 levels estimated at $350 million to about $340 million. However, the U.S. share of the total market will probably decline more sharply, perhaps to 34-36% as total Chilean imports approach the $1 billion mark.

The principal factors contributing to a lower U.S. market share appear to be: (1) reduced imports from the United States of machinery and equipment for the large copper development projects which are nearing completion; (2) substantially lower amounts of U.S. economic assistance due principally to Chile's current very strong balance of payments position; and (3) mounting competition from LAFTA, the Andean Sub-Regional Group, Australia and Japan as well as from traditional European competitors.

The above factors may be offset to some degree by import liberalization and the greater tempo of economic activity anticipated in 1970.

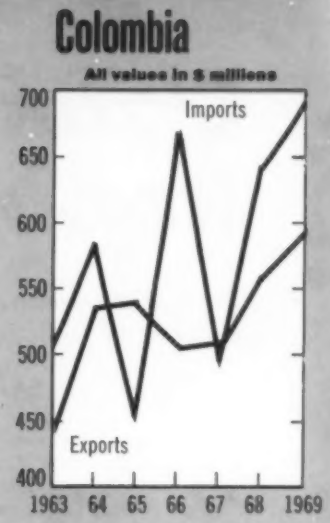
The Chilean market offers challenging opportunities for U.S. suppliers in a wide range of product categories. Although consumer goods are subject to high import duties, U.S. suppliers are now in a position to provide such items as textiles, household appliances, bicycles, motorcycles, plastics, cameras, furniture and many other products previously prohibited. Other product categories which merit the attention of U.S. suppliers include mining machinery and equipment (for iron and copper ore extraction and processing) equipment for processing and forming plastics; textile machinery and equipment; metal working and processing machinery; equipment for producing automotive parts and accessories; road building and maintenance equipment; and equipment and supplies required for rural electrification.

CHILE'S CHIEF IMPORTS FROM U.S.: automotive vehicles and parts, construction and mining machinery, mechanical handling equipment, power machinery and switchgear, iron and steel, chemicals, corn. **CHILE'S CHIEF EXPORTS TO U.S.:** copper, iron ore, fishmeal, natural nitrates, fresh fruits.

Colombia

Coffee bonanza spurs economic growth; U.S. market share was down last year

By THOMAS K. BREWER
American Republics Division, BIC



Colombian imports are expected to grow 20% in 1970, a record level for the country. Import license approvals should grow to a monthly average of $65 million and non-reimbursable imports, those not paid for out of the country's foreign exchange reserves, will rise to $150 million for a total of $930 million, as compared to $762 million in 1969. In March, the Foreign Trade Institute was readily approving import license applications, and the list of free items not requiring import licenses was expanded.

Circumstances contributing to the import boom include a national economic policy which has been sound and consistent, an expanding Government investment budget, a coffee bonanza bringing larger foreign exchange reserves, and a high real growth rate. Business confidence has improved as a result of the overall general economic activity, creating a flurry of manufacturing and trade activity. Prospects are favorable for continued financial assistance from international agencies, including AID.

The gross domestic product, at constant 1968 prices, increased from $5.9 billion in 1968 to $6.3 billion in 1969 for a real growth rate of 6.5%. A growth rate of 7% or more is expected in 1970, if all sectors of the economy continue to perform as anticipated.

A major factor in the Colombian growth has been the recent coffee bonanza. Beginning at the end of August at 42.50¢/lb., Colombian coffee brought 50¢/lb. by end-September, 57¢/lb. by end-October and remained at 57¢/lb. through May of this year. Coffee sales provide over 60% of Colombia's total foreign exchange.

The spirit of confidence among local and international businessmen is evident from reports of record industrial and commercial sales, product expansion and improved profits. A construction boom in Cali, Bogota and Medellin has added to the general growth during the last year.

The expected increase in imports in 1970 should be a challenge for U.S. exporters wishing to enter or expand their market in Colombia. An extra effort will be required to hold the market against European and Japanese suppliers. U.S. exporters also must watch developments in the subregional Andean Group for future market development or threat of market loss.

Total 1969 imports, arrival figures, were $690.5 million of which the United States supplied $304.1 million or 44%, down considerably from 1968. In 1968, the United States supplied $324 million or 50.4% of total imports valued at $643 million. Thus, there was a loss in the U.S. market share of 6.4% and a loss of 6.2% in the absolute value of imports from the United States. West Germany was the second most important supplier in 1969 with 9.8% of the market, followed by Spain with 6.7% and the United Kingdom with 5.7%. Japan ranks as the fifth most important supplier.

No one reason surfaces as a cause for the U.S. market share loss in 1969. However, AID-financed imports form a smaller percentage of Colombia's total imports. Prospects are good for another AID loan in 1970, but expected record level imports will further reduce the importance of AID-financed imports. Changes in prior import deposits, customs duties and the free list of imports have freed the market somewhat. Duties on a number of raw materials and intermediate goods have been reduced, prior import deposits lowered and the free list expanded.

The free list expansion offers an area where U.S. exporters have enjoyed a substantial market share. Items on the free list now total 25%, by value, of 1968 imports, of which the United States supplied 47.5%. Many of the products on the free list are in extremely competitive categories, including steel sheets and plates, automatic telephone exchanges and switchboards and industrial sewing machines. U.S. suppliers have been strong suppliers of other products on the list, including automotive parts, and aircraft and aircraft parts. Additional items may be added to the list in 1970.

Other best prospects include raw materials and semi-finished products for industry and capital goods for manufacturing and infrastructure projects. General agricultural machinery, chemical products, electric power and telecommunications equipment, and construction and industrial machinery will make up the bulk of imports over the next year.

Imports and foreign exchange controls, coupled with a sound economic policy, have led to considerable improvement in the balance of payments situation over the last three years. Central Bank gross gold and exchange reserves were $255 million at the end of 1969, compared to $218 million at the end of 1968. Emphasis is going to export expansion and import substitution. International credits are being authorized from the World Bank, AID, and the Inter-American Development Bank. The 20% increase in imports should be possible with the continued improvement in the balance of payments.

Investment applications valued at $25 million were approved in 1969, as compared to $20 million in 1968. Interest in investing in Colombia continues high among U.S. and other foreign investors and the climate is generally favorable. Although foreign investment receives equal treatment with national investment, controls on remittances of earnings, royalties and technical service fees are more stringent than in some other countries.

COLOMBIA'S CHIEF IMPORTS FROM U.S.: machinery and transport equipment, chemical products, miscellaneous manufactures, food and live animals. COLOMBIA'S CHIEF EXPORTS TO U.S.: coffee, crude petroleum, sugar.

XUM

Dominican Republic

Foreign trade and investment beginning to pick up following May elections

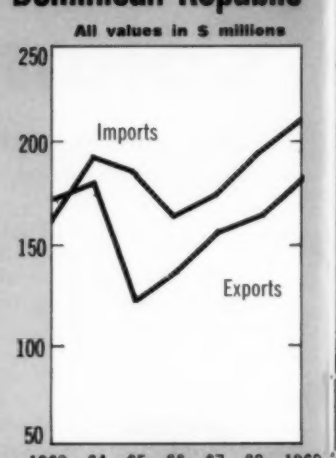
By ROBERT H. BATEMAN
American Republics Division, BIC

Imports 1969

Total ..... $210 million
From U.S. ..... $119 million*
U.S. share 54%*

Exports 1969

Total ..... $185 million
To U.S. ..... $159 million*
U.S. share 86%*
*Estimated



It appears that Dominican imports in 1970 will rise 12 or 13% above the 1969 total of $210.4 million. The U.S. market share may fall just below 50%.

Total imports rose only slightly during the first quarter of 1970. No doubt a restraining influence was the mood of uncertainty prevailing in advance of the May 16 elections. Importers appeared reluctant to build up inventories during this period. Also, major foreign investment projects got off to a slow start, inducing only a minimum of imports. Now that the political situation is in clearer focus, however, the outlook for the remainder of 1970 is for an increase in total imports supported by higher export earnings.

Exports gain

Due in great part to a concentration of sugar exports, total export receipts were in fact very high in the first quarter of 1970, especially when compared to the same period of 1969. Most agricultural exports except cacao were higher in volume and benefited from higher prices. While exports of furfural and molasses, both sugar by-products, were especially high, exports of other minor agricultural products were also up, about 30%, over the first quarter of 1969. Second quarter 1970 export receipts are also expected to be quite high.

If this trend continues, there will not only be more import financing available through expansion of bank credit, but some change in the composition of imports as well. The sharp increase in the level of minor agricultural exports, while still relatively low, indicates that local demand for these commodities is being better met by local production, and that there will be relatively less food and agricultural products imported.

Dr. Joaquin Balaguer's second term economic program is basically a continuation of the activities of the previous four years. The country is, of course, in a sounder fiscal and balance of payments position than when he took office in 1966. This will permit further relaxation of the austerity program and the President has in fact announced recently that he plans to eliminate all remaining vestiges of the austerity law.

There will be a continuing emphasis on labor-intensive public works projects. Good progress is expected to be made on two major dam projects, the Tavera in the north and the Valdesia in the south, as well as on a number of smaller dams.

Work may be stepped up on the rural aqueduct program. The first stage, involving 100 aqueducts at a total cost of $3 million is to be completed soon. Financing for a second stage, involving 180 aqueducts totaling approximately $6 million, is being considered by the Inter-American Development Bank. Other construction that is likely to continue at a high level includes highways, farm to market roads, schools, clinics and low-cost public housing.

Investment welcome

President Balaguer has termed foreign investment "indispensable" to the development of the Dominican economy. Now that electoral uncertainty has passed, potential investors are showing renewed interest in the Dominican Republic, and work continues apace on projects already begun. Construction has already begun on the huge Falconbridge nickel mining project and work is scheduled to begin later this year on the Shell petroleum refinery.

Indications are that the mineral industry is on the brink of intensive development and that in fact it could rival the sugar industry in importance within a few years. The true mineral wealth of the country is unknown, however, since it is still largely unexplored. The Dominican Government is presently rewriting its mineral code to provide for more rational exploration and exploitation of the country's mineral resources by both Dominican and foreign investors.

Since the Dominican Republic has yet to take full advantage of the tourism boom that has blessed most of the rest of the Caribbean area, considerable foreign investment is expected in hotels and other tourist facilities. The Dominican Republic certainly does not suffer by comparison with other locales in terms of scenic beauty and historical interest. But at present the number of first class hotel rooms is insufficient to meet the potential demand.

As a result of hotel and other types of construction now taking place, products that are likely to increase in importance among Dominican Republic imports include a whole variety of hotel and restaurant equipment and structural steel products. Also likely to find a market is relatively low-cost farm machinery of the type being designed by U.S. manufacturers specifically for use in less-developed countries.

Because of their proximity to Puerto Rico as well as the United States mainland, Dominicans travel in the United States quite a bit. As a result of this they are influenced by U.S. consumption habits and like U.S. products. This preference for U.S. goods is being eroded on many items by severe price competition, especially from the Japanese. But many export opportunities still exist for the alert U.S. supplier.

DOMINICAN REPUBLIC'S CHIEF IMPORTS FROM U.S.: wheat, vegetable oils, automobiles, tractors, pharmaceuticals. DOMINICAN REPUBLIC'S CHIEF EXPORTS TO U.S.: sugar, coffee, chocolate, tobacco, bauxite, molasses.

Mexico

Industry leads economic growth; foreign trade to reach new highs

By WILLIAM A. RAFFERTY
American Republics Division, BIC

Mexico's 1970 foreign trade will register new highs, both in imports and exports. Unlike last year, however, the rise in imports is expected to exceed that in exports, chiefly due to the drop expected in cotton shipments.

These estimates are based on expected continuation of the steady increase in real growth which Mexico has recorded over the past three decades, supported by heavy infrastructure investments and the development of an ever broadening industrial base.

Preliminary estimates place Mexico's 1969 GNP at $29.4 billion in current prices, a rise of 10% over 1968. In the pattern of recent years, the industrial sectors showed the greatest growth, e.g. power generation, construction, manufacturing, and mining.

The Mexican economy in 1970 is expected to at least match the growth achieved in 1969. Moreover, 1970 is an election year and pressures on public investment to complete some of the larger projects of the present administration will be intense. Budgeted public investment for 1970, some 10% above 1969, may considerably exceed this level despite official determination to avoid the end-of-administration splurge characteristic of earlier regimes. Private sector investment is expected to be about 15% above last year.

First quarter 1970 economic activity was mixed, with production and demand showing strong bullish trends despite price pressures, imports up sharply but exports only mildly improved, and the agricultural outlook described as "discouraging." The consensus, however, was that overall trends were favorable, and that economic development would approximate that of 1969, although price increases would be noticeably greater.

In 1969, total imports of $2,076 million represented but a 6% rise over 1968, while exports at $1,378 million stood some 16% over the previous year. Mexico's 1969 foreign trade picture, therefore, registered substantial improvement over that of the year before when a record trade deficit was registered. Also, on the export side it was noted that there had been a sharp rise in the share represented by manufactured goods. The decline in the rate of import increase was due largely to reduced demand by the private sector. As in the past principal imports were capital goods, components, and raw materials not available locally. The U.S. share of the market was 62.5%, a modest decline from the 63% share maintained in 1968 and 1967.

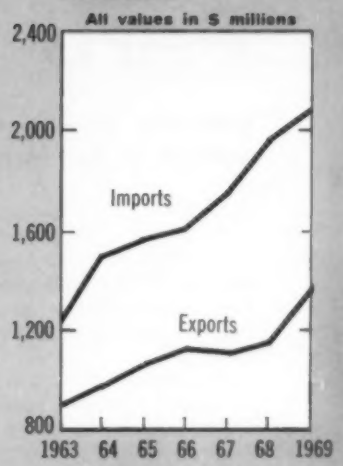
Imports 1969

Total ..... $2,076 million*
From U.S. ..... $1,297 million
U.S. share 62.5%

Exports 1969

Total ..... $1,378 million*
To U.S. ..... $880 million
U.S. share 63.9%

*Preliminary data



Available Mexican trade data covering the first quarter show that imports were up 13.4% over the same 1969 period. U.S. trade data confirm that shipments to Mexico in early 1970 were substantially above those of the similar period in 1969. However, given the sharp inflationary pressures now present in Mexico, it is expected that the governmental authorities, utilizing means available such as monetary and fiscal measures, will move to restrain the import rise. Thus, an overall increase of some 8.5% over last year would seem to be a logical forecast.

Surplus was recorded

Mexico's overall balance of payments in 1969 registered a surplus of $48 million, the deficit in trade and other current account items having been more than offset by direct foreign investment and other capital account receipts. In order to ease balance of payments pressures the country will continue emphasizing export promotion, especially of manufactures, and tourism. In export promotion activities the country has instituted various tax incentives, export financing and insurance programs, has strengthened the promotional activities of its commercial representatives abroad, and has developed a flourishing trade mission program. It has also significantly eased its import protection policy as a means of developing internationally competitive industry, the economic sector upon which it relies most heavily for increased exports.

Export diversification implies also import diversification, and U.S. traders should consistently examine the market and make necessary adaptations if they wish to hold their share. Increasing competition from other competitors for this excellent market demands that the U.S. producer/exporter maintain high quality, and provide quick delivery, prompt post-sale service, and attractive, competitive financing terms.

Officially, the United States for some time has conducted an aggressive campaign to maintain its share of Mexico's large and growing market. The most recent effort, a Printing and Graphic Arts solo exhibit staged May 11 to 15 in Mexico City produced off-the-floor sales of $2.2 million and projected 12-month sales of about $7 million. It will be followed by an exhibit featuring advanced business equipment, coupled with a seminar, in November. In the interim a 12-man specialized trade mission promoting U.S. food processing and packaging equipment is in Mexico City, Guadalajara, and Monterrey in these last days of June. A U.S. Trade Center is planned for Mexico City.

As in the past, capital goods represent the most saleable goods for the Mexican market, as prospects for most consumer goods are poor owing to protected domestic production.

MEXICO'S CHIEF IMPORTS FROM U.S.: industrial machinery, automotive vehicles and parts, electrical machinery and parts, organic chemicals, agricultural machinery and parts, iron and steel, scientific measuring and controlling instruments, natural gas, iron and steel scrap. **MEXICO'S CHIEF EXPORTS TO U.S.:** sugar, tomatoes, live cattle, green coffee, shrimp, petroleum, minerals, sulfur.

XUM

Peru

Economy may recover this year; outlook is for increased imports

By BRUCE B. SEVER
American Republics Division, BIC

In 1970, U.S. exports to Peru may recover to approximately the level of $197 million reached in 1968 from the low level of $168 million in 1969. The downward trend in the U.S. share of Peruvian imports, 30.9% in 1969, appears to be continuing in 1970.

The projected increase in U.S. exports to Peru may be reduced or delayed depending upon the degree to which the Peruvian Government carries out its announced policy to geographically diversify trade. The policy would adversely affect the United States—the principal supplier of Peruvian imports. Also, some imports may continue to be deferred due to business uncertainties stemming from recent government actions expanding its role in the economy. Otherwise, the outlook is for increased Peruvian imports, partly based upon the existence of government plans to revive the Peruvian economy, the monetary inflows building up Peru's level of foreign exchange reserves, and the potential decision by businessmen to no longer postpone some foreign purchases of industrial materials and replacement equipment.

To foster the recovery of the economy, the 1970 Annual Economic Plan of the Peruvian Government calls for a 20% increase in domestic credit availability and public investment and emphasis upon increased activity in the construction industry. An increase in the growth rate of the Peruvian economy is clearly possible in 1970 in that many Peruvian industries in 1969 operated well below their capacity. Prospective investment by the private sector is potentially a very substantial stimulus to economic recovery in Peru.

Businessmen jolted

However, businessmen have expressed concern about recent developments affecting the business climate in Peru. For example, the Government has been circulating a draft Industrial Law which would require foreign investors to transfer their enterprises, at some price, to national firms after time for recovery of capital and some profit. Effective June 1, an agency of the Peruvian Government assumed from the private sector the marketing of all Peru's fishmeal. The Government is to assume the marketing of copper within 18 months under the Normative Decree Law of the Mining Industry published Apr. 16.

By Decree Law 18,275, issued on May 15, the Peruvian Government implemented new and disturbing foreign exchange controls. The law reserves to the Central Reserve Bank and the Bank of the Nation the right to make or hold foreign exchange deposits in Peru or abroad. The Decree Law also requires the sale of existing foreign exchange deposits in local institutions to the Central Bank. Another part of the Law prohibits companies and individuals in Peru from holding current and time deposits denominated in foreign currency.

Exchange law relief

Concern over the new exchange controls somewhat abated following government amendment of D.L. 18,275 so that many foreign natural persons in Peru would not be required to return foreign exchange deposits from abroad for sale to the Bank of the Nation. The exempted foreigners are those in Peru less than ten years, those in Peru to fulfill work contracts approved by competent authorities, and those with their principal source of income from abroad. These persons and other foreign natural persons in Peru for less than 20 years do not have to sell foreign exchange deposits abroad to the Bank of the Nation under the Law as amended (by D.L. 18,284, dated May 27). Juridical persons and others are required to bring foreign deposits to Peru and to convert foreign currency in their possession, under the amended Law, within Peru into soles.

PERU'S CHIEF IMPORTS FROM U.S.: machinery, goods made of paper, iron, wood and rubber, chemicals, road vehicles, wheat, petroleum products, aircraft, scientific instruments. PERU'S CHIEF EXPORTS TO U.S.: copper ore and concentrates, sugar, fish meal, coffee, concentrates of lead, iron and zinc.

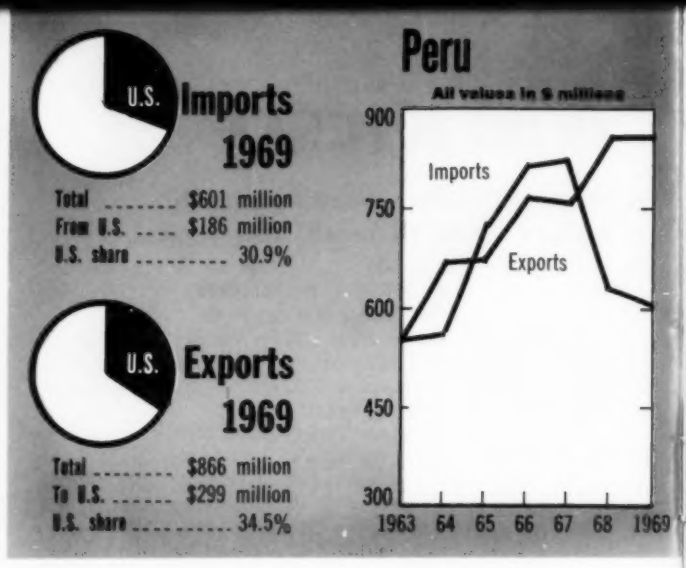
Adds to reserves

The new foreign exchange law will result in some additions to Peru's foreign exchange reserves, which have been built up substantially in recent months. The reserves, which include the inflows under an IMF standby arrangement and reflect the effect of recent renegotiations of public debts to foreign creditors, were $250 million on May 15.

While the foreign exchange situation has eased, other factors may temper any resurgence of Peruvian imports. The competitiveness of locally made goods is not being substantially eroded by domestic inflation, which was 3.1% during May 1969-April 1970. Increased import opportunities depend also upon the recovery of the Peruvian economy and business confidence.

The United States share of Peruvian imports was 29.6% during the first quarter of 1970. The market share for the United States will probably be about the same for the remainder of the current year.

Best selling U.S. exports to Peru include vegetable oils, iron and steel, power generators and electrical machinery. The mining sector is a good market for U.S. heavy equipment. The Government is hoping to stimulate expansion of the edible fish industry, making it an industry of increased potential for trade opportunities. Some machinery needs may arise in relation to Peruvian efforts to re-tool industries to meet the competition of industries in other countries of the Andean common market.



Venezuela

Import growth remains strong; exports to resume upward swing

By DAVID S. McCRACKEN
American Republics Division, BIC

Venezuela's imports should grow 6% again in 1970, but imports from the United States will probably grow only 4.5%. Exports should resume a healthy growth, both in total and to the United States.

The economy has not yet completely shaken off the slowed tempo which affected it in 1969. Moreover, the large projects in the pipeline, such as the Caracas subway, the El Tablazo petrochemicals complex, and the expansion of the SIDOR steel plant and of the Maiquetia Airport are unlikely to be far enough along to boost imports much. The economy remains sound, however, and foreign exchange reserves are high.

In 1969 the gross national product reached an estimated $9.8 billion, growing at a 5% rate. This rate includes a 1.6% increase in the price level, as indicated by the wholesale price index. The 3.4% real growth of the economy meant, in view of the 3.6% population growth rate, a slight decline in real per capita income. An increase in the economic growth rate of 6% is likely to occur in 1970, including a 2%, or lower increase in the price level.

Business confidence continues to improve, as seen in the latest data available: Net capital subscribed in the Federal District showed an increase of 44% for the first quarter of 1970. Private construction permits granted in the last quarter of 1969 were up 56% by value from the comparable quarter of 1968. Retail sales in Metropolitan Caracas in January were 6% over January 1969.

A wait-and-see attitude had been one cause of the slowed growth of this first year of the Caldera Administration. Another cause was the lack of growth in the vital petroleum sector. Confidence has been bolstered by the apparent agreement between President Caldera's party, COPEI, and the leading opposition party, Accion Democratica, on the basic terms for the petroleum service contracts. These contracts are being negotiated to be the new type of arrangement with petroleum companies for the development of the country's petroleum deposits. A third cause of uncertainty in 1969 was the problem faced by the minority COPEI Government party in reaching agreement with other parties on financing, priorities and details of development projects. A large amount of external financing has recently been or is now being arranged. Hammering out the priorities and details is also being accomplished, so that the groundwork for faster growth should be laid by the end of 1970.

The first month of 1970 saw a continuation of the trend seen in 1969 when the wholesale price index of imports increased more slowly than that of national products, 0.6% compared with 2.8%, respectively, from January through December. The price level increases of 1969 were largely concentrated in agricultural products, wood, and paper and paperboard. These increases were reflected in sharp increases in imports from the United States of certain agricultural products and of pulp and paper waste. January-April U.S. export data indicates a continuation of the import trend.

In 1969 Venezuela's total imports are estimated to have increased 6% while her imports from the United States increased about 8%, thus raising the U.S. share of the market to 51.7%. Leading the increase in U.S. exports to Venezuela were iron and steel, heating and cooling equipment, pumps and compressors and electric hardware.

In 1970, with a further 6% increase in total Venezuelan imports expected, the projected 4.5% increase in imports from the United States would lower the U.S. share to almost exactly 51%. Leading the increase in U.S. exports appear to be iron and steel, and electric power machinery. Soybeans, iron and steel scrap, chemicals, and synthetic resins and plastic materials are also growing well.

The best prospects for U.S. exporters in 1971 consist primarily of several types of equipment which have had expected increases delayed for various reasons: foundry equipment, mining and construction equipment, mechanical handling equipment, office and graphic arts equipment and hospital equipment.

Venezuelan exports appear to be increasing strongly thus far in 1970. The 30% increase over the comparable period of 1969 remains significant even after discounting for the reduced U.S. imports in early 1969 due to the dock strike.

VENEZUELA'S CHIEF IMPORTS FROM U.S.: road motor vehicles and parts, wheat, pumps and compressors, construction and mining machinery, heating and cooling machinery and equipment, iron and steel, mechanical handling machinery. **VENEZUELA'S CHIEF EXPORTS TO U.S.:** petroleum and its products, iron ore, coffee, fish and fish preparations, sugar, bauxite, cacao.

Trade talks to resume

Following Secretary Stans' conversations with Venezuelan officials on his Latin American Mission, there is renewed movement toward renegotiation of the U.S.-Venezuelan trade agreement. Preliminary meetings for this purpose may be held soon.

Venezuela's net foreign reserves stood at $997 million at the end of March 1970, up from $851 million in March 1969. The increase was, in large part, the result of a $100 million dollar loan negotiated with a consortium of U.S. banks.

Several industry-organized government-approved trade missions can be expected to visit Venezuela in the remainder of 1970, although none are firmly set as of now. A U.S. agribusiness solo exhibit is to be staged in Caracas in March 1971.

XUM

West Europe booms along

U.S. exports to area should rack up third straight substantial gain this year

By J. ROBERT WILSON
European Division, BIC

Present indications point to a continued high level of economic activity and strong demand for imports in the leading European countries. There is a good possibility that U.S. exports in 1970 will increase substantially for the third consecutive year—perhaps at a rate only slightly below the 11% recorded in 1969.

As was the case last year, the members of the European Economic Community (EEC) are the major dynamic force. Exports to the Six account for 58% of American exports to Western Europe. In April the Commission of the European Communities raised its earlier GNP forecast for 1970 by a full percentage point, from 4½% to 5½%. A stronger domestic demand, both investment and consumption, is the reason for the more optimistic forecast. Last year the Community GNP rose by an impressive 7.5%.

Both Germany and France are now expected to experience considerably faster economic growth. Similarly, forecasts for most of the other countries were revised upward as the year advanced. In most cases, however, the 1970 growth rates will not quite attain the 1969 levels.

These growth forecasts refer to growth in real terms. In most countries the gap between real and nominal growth has been widening as prices and wages continue their upward spiral. In no major European country is there as yet any clear evidence of a slowdown in price rises even though the monetary brakes have been applied for some time. In the past twelve months central bank discount rates have been increased in nearly all the European countries. They now stand at historic highs with the exception of the British rate, which has been reduced from the peak of 8%.

At the May ministerial meeting of the 22-member Organization for Economic Cooperation and Development concern was expressed regarding the unacceptably rapid rise of prices in the OECD area, which includes the United States, Canada and Japan as well as the countries of Western Europe. The ministers agreed that "priority must be given to the elimination of this heightened inflationary pressure."

Other signs of strain in most of the European economies could be cited. Many European industries are operating at or near capacity. This is bound to affect delivery dates. This situation creates an excellent opportunity for American exporters.

In another respect new export opportunities stem from the present overheated situation. Employment is at high levels and many industries find it difficult to meet their needs for labor. Also organized labor's wage demands continue unabated. These circumstances stimulate employer interest in automation and labor-saving devices, an area where American producer goods can make a contribution.

Full employment and rising wages—to the extent that they are not eroded by inflation—mean strong consumer demand. Prospects for American exports in this sector are enhanced, although Europeans satisfy the bulk of their demand for most consumer goods from domestic or other European sources.

Expenditures on plant and equipment by European affiliates of U.S. corporations are expected to increase by the unusually high rate of 32% in 1970. These outlays, which will total over $5 billion, are mainly by manufacturers. A considerable portion will be devoted to imports from the United States.

While an optimistic assessment seems justified for Western Europe considered as a whole, there are a number of weak spots. Even in the booming EEC, the recent recurrence in Italy of serious strikes and the threat of a wage-price spiral cast a shadow over the performance of this rapidly growing economy.

Although the economy of the United Kingdom is on the upswing, its expected growth rate of 3½% will still be about the lowest in Western Europe. This should not, however, obscure the great improvement in that all-important indicator of British economic performance, the balance of payments. For nine months in a row British reserves of gold and foreign exchange have risen and confidence in sterling has been restored. The level of import deposits has been reduced and the deposit scheme itself will be allowed to expire at the beginning of December. British imports are expected to be on a rising curve and if the U.S. share is more or less maintained, Britain will remain our main market in Europe (the German market is second).

The Scandinavian economies are expected to grow only slightly faster than the British economy. In large part this will be the result of deliberate monetary and fiscal policies. In Sweden the recent imposition of ceilings on bank credit will probably curb investment in those industries with limited self-financing ability.

Western European trade movements continue to be influenced by last year's parity changes—the French devaluation in August and the German upward revaluation in October. French imports leveled off and by the end of the year the trade balance was back in equilibrium.

The revaluation of the mark has served to enhance the already strong German import demand, which is a major stimulus to economic activity on the part of Germany's EEC trading partners. Although the initial effects of the British 1967 devaluation have now, after a slow start, largely worked through, some British exports continue to enjoy competitive advantages.

European integration

Negotiations on the entry into the Common Market of the United Kingdom, Denmark, Norway and Ireland will be inaugurated in a ceremonial meeting on June 30. Actual negotiating sessions have been scheduled for July for the British and for September for the other three applicants. The recent change of government in the United Kingdom is not expected to result in any diminution of British interest in EEC membership; a Conservative government sought to bring Britain into the EEC eight years ago. Most observers expect the negotiations to extend over a considerable period of time. Under these circumstances actual membership would not take place for a year or so.

On the other hand, negotiations for preferential trade agreements between the EEC and Spain and Israel have been concluded and it is planned that the resulting agreements will be signed momentarily. These agreements provide for preferential tariff reductions in both directions which will be staged over several years.

The European Free Trade Association was enlarged by the addition of Iceland on Mar. 1.

American export promotion facilities in Western Europe were augmented last November by the opening of the Paris Trade Center.

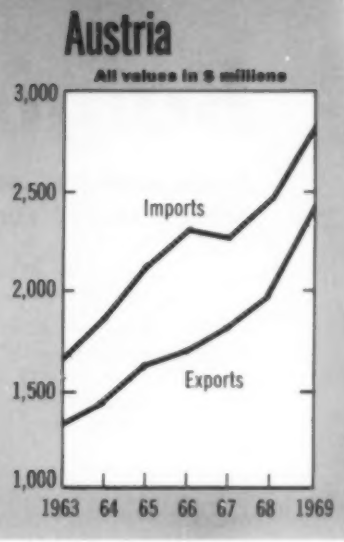
Austria

Upswing, in third year, creates market for imports of industrial, consumer items

By ROSWITHA A. AUGUSTA
European Division, BIC

Total ..... $2,825 million
From U.S. ..... $84 million
U.S. share 3.0%

Total ..... $2,412 million
To U.S. ..... $109 million
U.S. share 4.5%



Austria's economic upsurge continues for the third consecutive year with virtually all economic indicators pointing upward. Modernization of Austrian production facilities and rising personal income suggest good market opportunities for industrial equipment and consumer goods.

Exports were the major expansionary force during 1969 due to the strong foreign demand for Austrian goods as well as the revaluation of the German mark, and are expected to remain so through 1970. Imports should grow substantially faster in the months ahead.

Gross national product reached $12.4 billion in 1969, a 6% increase in real terms over 1968. While GNP in real terms is expected to increase at a slightly lower pace in 1970, Austria's economic growth is expected to maintain its momentum. Private spending on consumer goods should increase by 5% in real terms as against 3% in the previous year. Total industrial investment, according to a recent survey conducted by the Austrian Institute for Economic Research, will increase by 16% in 1970, investment by the consumers goods industry by 24%, the intermediate producer goods industry by 12%, and the capital goods industry by 10%.

Austria's balance of payments showed a surplus of $107 million in 1969 due to a decrease in capital outflow and a surplus in the current account. The prosperity of Austria's leading trade partners and the increased production of Austrian goods demanded abroad led to the rapid growth of Austrian exports.

Austria has stepped up its trade with Eastern European countries. In 1969 Austrian exports to East European countries rose 27% over the previous year, and imports by 25%. Austrian contacts with Eastern European countries have traditionally been close. Austrian business is anxious to perform a middleman function for Western traders in their effort to expand trade with the East.

Inflationary pressures can be expected to operate throughout the remainder of 1970, as Austrian industry reaches its maximum production capacity. Fully utilized equipment, full employment and the introduction of a shorter work week are bound to create the usual problems of overheating in the months ahead. Moreover, there is concern that inflationary pressures in Germany and other trading partners will spill over into Austria. Because of these pressures, Austria's government is expected to maintain the price stabilization measures which were initiated last November.

The U.S. share of total Austrian imports is relatively small and declining, though imports from the United States have increased in absolute terms. While imports from the U.S. totaled $84.4 million in 1969, a 1% gain over the previous year, the U.S. market share of total Austrian imports dropped from 3.3% to 3%. This development may be explained partially by the shift away from direct imports from the United States to purchases from the many U.S. subsidiaries now manufacturing in Europe, and by the general lack of interest among American firms.

The Austrian market still offers unexploited potential for U.S. exporters, as a recent consultation by the American Embassy with Austrian businessmen in several provincial capitals indicated. The growth of Austrian imports has largely been in the consumer goods sector, a field which, with few exceptions, has been neglected by U.S. exporters. With greater sales efforts American businessmen could benefit from the expanding Austrian consumer market and the overall economic growth. Since nearly all of Austria's industry is small and medium size, the market offers ideal trade opportunities for medium-sized American companies.

AUSTRIA'S CHIEF IMPORTS FROM U.S.: machinery, chemicals, raw tobacco, plastics, nonferrous metal ores, feeds and fertilizers, textiles. AUSTRIA'S CHIEF EXPORTS TO U.S.: machinery, glassware, iron, bicycles, apparel, sporting goods and toys.

Labor shortages are becoming more pronounced in Austria. During the winter of 1969-70, unemployment, which normally reaches its peak during this season, fell to the lowest level since the war. With the reduction of the work week more overtime is required to meet increasing production demand.

Austria's industries are reaching the limits of capacity with existing equipment, and many plants find that they are unable to raise their output without new investment to deepen and widen capacities. This has significant implications for U.S. trade. As domestic demand continues to grow, Austrians will be forced to import more commodities from abroad.

For the United States this suggests good export prospects. Technologically-advanced U.S. producer goods and industrial equipment have particularly high sales potential. U.S. exporters will find fast growing demand for petrochemicals, chemicals for the textile industry, man-made fibers, building materials, electronic data processing equipment.

The sales potential for hotel and restaurant equipment should not be overlooked since tourism is one of Austria's leading industries and is expected to expand. A U.S. Tourist Industry Mission is scheduled to visit Austria in October.

Among U.S. agricultural products, soybean meal, tobacco, citrus juices, fresh and processed fruits stand out for their excellent sales potential.

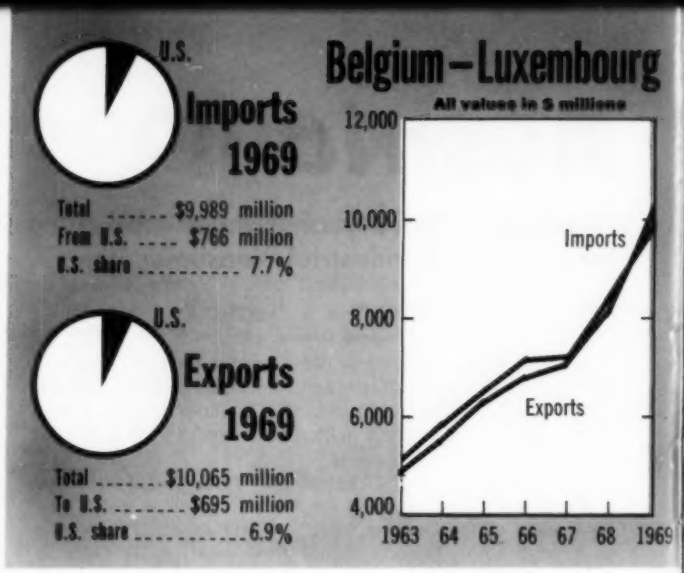
U.S. consumer goods will also find a good market in Austria. Sporting goods, leisure time apparel, sound reproduction equipment, do-it-yourself tools, games, specialty foods and cosmetics offer U.S. exporters a promising market.

XUM

Belgium

Boom seems to have peaked, but trade growth should continue to expand

By ROBERT H. WALKER
European Division, BIC



Although the peak of the current boom seems to have been reached in the latter part of 1969, Belgian trade will continue to expand in 1970 but at a lesser rate. Some moderating of the economic expansion began to show in early 1970 and it is expected to become more pronounced in the second half of the year.

Utilization of productive capacity reached about 87%, topping the peak of 84% in 1964; yet industrial production should maintain a forward movement, strengthened by the opening of new production units. Higher incomes are expected to raise private consumption above last year's levels. Introduction of the tax on value added (TVA) in 1971 is expected to spark anticipatory expenditures for household consumption and housing construction in the latter part of the year. The tight labor situation should also increase demand for labor-saving machinery.

The gross national product in 1969 rose 6% in real terms to $22.8 billion. It is estimated that GNP in 1970 will increase an additional 4.5% which, coupled with a price rise of about 4%, should result in a total of approximately $25 billion in current prices.

Both wholesale and retail prices increased steadily during 1969. The wholesale index accelerated more rapidly, in December reaching a level 6.1% over December 1968 against a 4.4% gain for the retail index. The Government has, however, taken a series of measures to contain inflationary pressures and appears ready to apply others if the situation should warrant.

Boom conditions in 1969 brought effective full employment during the latter part of the year. Labor shortages have appeared in several regions and occupations, particularly in construction, metal working, chemicals and petrochemicals. These shortages provoked a sharp labor-demand situation and a push for higher wages which have continued into 1970. Wage costs have risen in Belgium more than elsewhere in Europe, except for the Federal Republic of Germany; the average hourly wage rate increased by 10% in 1969 against 7% in 1968. The wage push is expected to continue during 1970 with increases in the average wage, including those resulting from price index increases, anticipated at 10-12% above the 1969 level.

Industrial production in 1969 increased 9% over the preceding year and gives every indication of continuing its strong development in 1970. The AGEFI index of industrial production in April was 2.9% above the level of last December.

Tremendous trade advances

In 1969 Belgium-Luxembourg's (BLEU) foreign trade made tremendous advances. Imports from all sources climbed 19.9% above 1968, totaling $9,989 million. Total exports soared even higher, reaching $10,065 million, 23.3% over 1968 levels. While the trade trend appears to continue upward, sufficient data for 1970 are not yet available to confirm this.

The greatest part of BLEU trade was with the Common Market, which supplied 57.4% of its imports and took 67.6% of its exports.

The United States ranked fourth among BLEU's trading partners, after the Federal Republic of Germany, France and the Netherlands. BLEU imports from the United States amounted to $766 million, up 11.2% from 1968, and constituted a market share of 7.7%. Exports to the United States were down 9.8% to $695 million, 6.9% of total BLEU exports. The drop in the U.S. market share may be attributed in large part to the U.S. dockstrike which inhibited U.S. trade early in 1969. In the case of exports to the United States, sharp cuts in iron and steel shipments contributed to the drop.

Despite the moderate increase in imports from the United States, substantial gains were made in individual product categories, which may point the way to growing sectors for development. The categories showing the largest gains were: organic chemicals; paper products and packaging; machinery and industrial equipment, including electrical goods; automotive vehicles; and precision and other technical instruments and apparatus.

More specific areas in which prospects seem especially bright include: automotive accessories and maintenance equipment; plastic materials; process control and precision measuring instruments; sophisticated electronic parts and components; computer peripherals and software packages; and sophisticated metalworking machine tools. The programs to expand the port of Zeebrugge and to construct three large petrochemical plants at Feluy suggest a market potential for related goods and services. Possibilities also appear to be developing in the services area for franchise businesses such as food drive-ins, ice cream stores and dry-cleaning establishments.

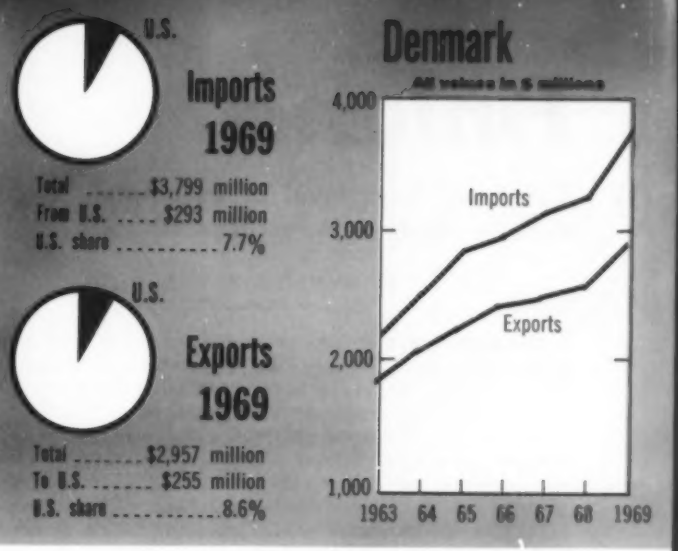
The investment climate remains favorable in Belgium. A new, updated investment law is expected to become effective July 1, replacing the present law of 1966. Preliminary data on 1969 foreign investment in Belgium show planned investments reached a record of 644 establishments with an investment total of $664 million; the U.S. share led with 142 establishments, amounting to $221 million.

BELGIUM-LUXEMBOURG'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, chemicals and products, grain, diamonds, textiles and products, aircraft, copper scrap. BELGIUM-LUXEMBOURG'S CHIEF EXPORTS TO U.S.: iron and steel mill products, diamonds, automotive vehicles, textiles and products, chemicals and products, nonelectric machinery, glass and products.

Denmark

Efforts to slow down surging economy may dampen overall import demand

By HAROLD A. McNITT
European Division, BIC



The prosperous, accessible Danish market will provide opportunities for continued moderate expansion of U.S. sales during the remainder of 1970.

Prospects appear favorable for technologically-advanced equipment, semi-manufactures, and industrial raw materials. Denmark's rapid transition from an agricultural to a highly industrialized economy continues apace, generating demand for a wide range of equipment. However, a series of Danish Government measures to restrain the pace of the economy may dampen overall import demand later in the year.

The Danish gross national product (GNP) forged ahead to $13.9 billion in 1969 (current prices), a real advance of 7%. The high level of economic activity, with many industries operating near capacity, persisted through the first half of this year. The Danish Government anticipates a reduced rate of growth for the full year 1970, in the range of 3-4%.

The rapid growth of aggregate demand throughout Denmark's economy last year aggravated the country's persistent balance of payments problem. Although exports (particularly machinery) rose at a healthy pace, imports increased even more rapidly. The current account of the balance of payments registered a deficit of about $400 million at year's end.

Value-added tax boosted

To restrain the growth of demand, the Government adopted numerous monetary and fiscal restraint measures during 1969 and the first half of 1970. The most recent move was to increase the value-added tax (TVA) from 12.5% to 15% on domestic transactions effective July 1 (the corresponding tax on imports was increased to the 15% level six weeks earlier, on May 21).

Other restraint measures included a steep increase of the central bank rediscount rate to 9% in mid-1969, income tax increases, and some austerity in public expenditures. Despite these and related moves, the economy gave little evidence of slowing down during the first half of 1970.

Consumer prices registered a moderate increase of 4% last year. Prior to its decision to increase the value-added tax, the Danish Government projected a similar price rise of 4% this year. Because of the tax increase, however, it is reasonable to assume that prices will go up by a somewhat higher percentage than anticipated. The 2.5% increase in the tax will be passed on to the consumer in the form of higher prices. Incomes in 1970 are expected to rise by about 10%, approximately the same rate as last year.

Reflecting strong demand for both consumer and investment goods, Danish imports in 1969 reached $3,799 million, 18% higher than the previous year. The high level persisted through the first quarter of 1970, running 16% above the corresponding 1969 period. Danish imports from the United States in 1969 totaled $293 million, an increase of 7% over 1968. The U.S. share of the market thus declined from 8.5% in 1968 to 7.7%.

The decline in the U.S. share was due principally to a steep drop in U.S. agricultural commodity shipments, which still account for about 30% of sales. The largest item, oilseeds, was off by about 11%. Data for the first quarter of 1970 are encouraging, however; U.S. oilseed shipments are running at nearly twice the level of first quarter 1969. Grains fell by 28% and feeds by 22% last year; these commodities also made significant gains in the first three months of this year compared with the corresponding 1969 period.

U.S. industrial exports to Denmark last year provided a bright contrast to farm commodities. Exports of nonelectric machinery, the largest sales category, soared by 19%. Basic chemicals increased by 73%. Exports of electrical machinery and transport equipment (mainly aircraft) advanced moderately.

Denmark's exports to the world continued their upward trend in 1969, increasing by 15% to a level of $2,957 million. Danish economists were pleased that industrial exports made exceptional progress, going up by about 20%. Continued expansion of non-agricultural exports is considered vital to achieve better long-term balance in the trade account. Exports to the United States in 1969 jumped 17%, with major increases in shipments of processed ham, cheese, chemicals, and electrical appliances.

U.S. export prospects to Denmark are very favorable for technologically-advanced equipment and industrial components. Many Danish industries are relatively new, building up their facilities, and require high quality equipment. The three largest Danish industries are engineering (machinery, ships, electronics), food processing, and chemicals. Also significant are textiles and wearing apparel, steel, cement, furniture, and graphic arts.

The U.S. trade promotion program in Denmark will be highlighted by an exhibition in Copenhagen Nov. 17-22. America's first major exhibition in Denmark, the fair will feature food processing and packaging equipment plus printing and bookbinding equipment. The show is expected to attract buyers and agents from the entire Scandinavian area as well as nearby continental European countries such as Germany, the Netherlands, and Belgium.

DENMARK'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, oilseeds, aircraft, foodstuffs, chemicals and plastics, tobacco, electrical machinery. DENMARK'S CHIEF EXPORTS TO U.S.: processed ham, electrical machinery, chemicals, nonelectric machinery, furniture, mink, furskins, cheese.

Finland

Continued high level of economic activity likely to spur imports

By HAROLD A. McNITT
European Division, BIC

The current Finnish economic upswing will provide good opportunities for U.S. exports during the next several months. Increased sales are probable in nearly all fields except commercial aircraft and some agricultural commodities.

Sparked by rising export sales, Finland's economy since 1968 has operated at a high level of activity. Investment in new plant and equipment has expanded sharply. Unemployment has fallen to about 2%. The key forest product and engineering industries have achieved impressive production gains. Major economic indicators remain favorable this year.

Finland's gross national product reached $8.8 billion in 1969 (current prices) an outstanding gain of 8% in real terms. This year a further growth of 6-7% is expected. Industrial production, up 10% last year, should increase by another 9% or more. The more moderate rate of growth this year is attributed to production bottlenecks and the Government's use of credit restraints to prevent overheating.

Plans reflect optimism

The optimistic outlook of Finnish Government and industry leaders is evident from current development plans. Major outlays are planned or underway in the fields of nuclear power, petrochemicals, telecommunications, steel, shipbuilding, and transportation (INTERNATIONAL COMMERCE, May 11).

Prices and incomes in Finland have remained relatively stable since adoption of the Stabilization Agreement in 1968 (extended through 1970). The cost-of-living index went up by 2.3% last year and is expected to increase by 2.5% in 1970. Incomes increased by 7.2% last year and may go up by another 7-8% in 1970. The Government anticipates that labor productivity will increase by about 5% this year.

Stimulated by boom conditions, Finland's imports in 1969 reached $2,023 million, an increase of 27% over the 1968 level. This year, according to Finnish estimates, imports will increase by another 18%. Finland's two principal suppliers, Germany and Sweden, both enlarged their share of the market in 1969. Finnish trade with Sweden and other Scandinavian countries has been stimulated by increased industrial cooperation among the Nordic countries.

Finland's imports from the United States in 1969 achieved a striking increase of 43%, reaching $103 million. The U.S. share of the market thus increased from 4.5% in 1968 to 5.1%. The big increase in U.S. sales was due primarily to Finland's purchase of two commercial aircraft, valued at over $20 million, for use on its new trans-Atlantic service.

Finnish imports of U.S. machinery (both electrical and nonelectrical) also made a healthy gain of 22%. Other increases were registered by instruments (up 14%), chemicals (up 13%), textile yarns and fabrics (up 80%), and tobacco (up 25%). U.S. sales of foodstuffs and raw materials, however, failed to participate in the general advance.

Prospects for the sale of technologically-advanced machinery remain excellent. Capital outlays for new machinery jumped by 25% last year and are continuing at a high level. The following types of machinery are in particular demand: printing and bookbinding, metalworking, office, food processing, paper mill, excavating and leveling, mining, metal refining, chemical and plastics.

Also in demand are pumps and centrifuges, educational training devices, motor vehicle maintenance equipment, air and water pollution control equipment, EDP equipment and programs, electronic components and accessories, chemicals, synthetic yarns and thread, food specialties, instruments, sporting equipment, management and consulting services, and other business services.

FINLAND'S CHIEF IMPORTS FROM U.S.: commercial aircraft, nonelectric machinery, chemicals and plastics, miscellaneous manufactures, foodstuffs, tobacco. FINLAND'S CHIEF EXPORTS TO U.S.: newsprint, paper and paperboard, plywood and particle board, pulp, mink, furskins, cheese.

Finland enjoyed a favorable balance of payments for the second successive year in 1969. Although the trade balance registered a slight deficit of $36 million, it was more than offset by earnings from shipping and other services. At year's end, Finland's current account of the balance of payments registered an $11.6 million surplus. Preliminary estimates indicate that the continued upsurge in imports may produce a deficit on the current account this year, however.

Finland's industrial economy will continue undergoing dynamic change throughout this decade, according to a recent study by the Federation of Finnish Industries. The study estimates that during the 1970's industrial output will rise at an annual average rate of 6.5%. It assumes that industrial productivity will increase at an annual average rate of more than 5%, and estimates that the value of total industrial investments will increase by about 230% during the decade of the seventies.

New investment will be greatest in the energy producing, forest product, chemical-petroleum, and engineering industries. The chemical-petroleum industry will gain sharply in relative importance; its share of total industrial output will increase from 7.5% at present to 14% in 1980, according to the study. The development of a major petrochemical capacity should contribute to this expansion.

A highly significant development during the 1960's was the expansion of trade and investment ties with neighboring Scandinavian countries, especially Sweden.

France

Strong investment trend, rising industrial output should boost imports

By ALEXANDER DAUMAN
European Division, BIC

U.S. exports to France should increase substantially in 1970, in view of continued rapid growth of the French economy and deliveries of U.S. aircraft, expected to amount to $100 million. A strong investment trend and rising industrial production will favor U.S. sales of capital goods and industrial supplies—commodities which traditionally represent the bulk of French imports from this country.

The French Government presently estimates the real economic growth for 1970 at 6.1%, a rate implying a more balanced expansion than in 1969. Last year the overheated economy grew at 8.0% in real terms and 15.6% nominally—the GNP was $130 billion.

Since the devaluation of the franc in August, the French anti-inflationary stabilization program has produced several important results. Confidence in the franc has been largely restored and contributed to a sharp improvement in the balance-of-payments. As of April, France had repaid $2 billion of debts, her gross gold and foreign exchange reserves stood at $4 billion, while the remaining foreign debt totaled $1.3 billion.

The foreign trade balance improved markedly and was in surplus in the first quarter. The budget promises to be in balance by year's end, as planned. Inflationary tensions still are in evidence, however. Consequently, the government is very cautious in relaxing tight restrictions on credit.

Surveys of business, conducted in April by the French Statistical Institute, indicate that outlays on plant and equipment in 1970 may rise 20% over 1969, with big companies spending as much as 40% more. Capital goods and basic industries report well-filled order books. Some production bottlenecks resulting from shortages of metals, such as steel, persist.

Industrial production is rising at an annual rate of 6%. Foreign demand is very strong, while domestic demand, especially for consumer goods, has softened. Government experts expect production growth to stabilize at 4% later in the year, as a result of slackening of foreign demand to be partly offset by more lively domestic demand.

Wages are expected to maintain a rapid increase—8.5% in 1970; 8.8% in 1969—but the slowdown of industrial activity, combined with productivity gains, may affect employment and thus moderate total income from salaries and its impact on prices. Although living costs rose 2.2% during January-April, the Government still hopes that retail price increases will not exceed 4% for the year. Wholesale prices of industrial products advanced by 4.1% during the first four months of 1970. Businessmen, however, increasingly believe that such prices will stabilize.

French imports from the United States rose 11% in 1969, with substantial increases in imports of machinery, chemicals, steel and motor vehicles. Total French imports climbed 24%; the U.S. share of the French market declined from 9.4% to 8.4%. In the first quarter of 1970, French imports advanced by only 10%, whereas imports from the United States surged 40% over the first quarter of 1969. However, French imports from this country in the early months of 1969 were low, due to the U.S. dockstrike.

Still, the short and long-term outlook for U.S. exports to France is most encouraging. Excellent opportunities for their expansion are being generated by the French industrial policy, aimed at restructuring, enlarging and modernizing French industry. This policy will be the dominant feature of the Sixth Economic Plan (1971-75.) The Plan will set a goal of an average annual economic growth rate of nearly 6%.

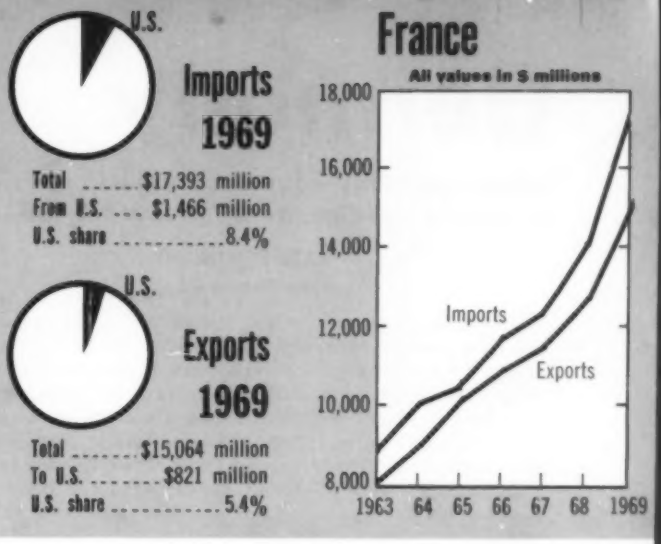
Products with particularly good prospects for exports to France include: electronic data processing equipment and other electronic systems; process control and scientific instruments; electronic components; steel; chemicals; construction, packaging and materials handling machinery; and other labor saving equipment.

Significant investment is under way and will continue in the following sectors: electronics, steel, chemicals, automobiles and tourism. Numerous specific expansion plans have been announced by large French companies. In distribution, development of supermarkets and large shopping centers is accelerating. Consumers are showing growing interest in frozen and prepared foods, as well as in freezers and dishwashers for homes.

The recent granting of a Government concession to a consortium of French contractors and banks for building 300 miles of superhighways marks a new departure in roadbuilding. Investigation of French markets by interested U.S. businessmen probably will reveal a host of additional opportunities.

The intensified U.S. 1970/71 trade promotion program in France will include exhibitions of technologically-advanced U.S. products at the U.S. Trade Center in Paris. In addition, U.S. exhibitions will be held at several French trade fairs.

Trade Center exhibitions scheduled for later this year are: Analytical Laboratory Instruments Sept. 22-26; Industrial Assembly Equipment Oct. 19-23; and Transducers Dec. 1-5. In addition, the United States will participate in the following commercial fairs: EQUIP HOTEL (Hotel, Restaurant & Catering Equipment) Oct. 8-19; and EMBALLAGE (Packaging Equipment) Nov. 9-15. Several other exhibitions and fairs are contemplated.



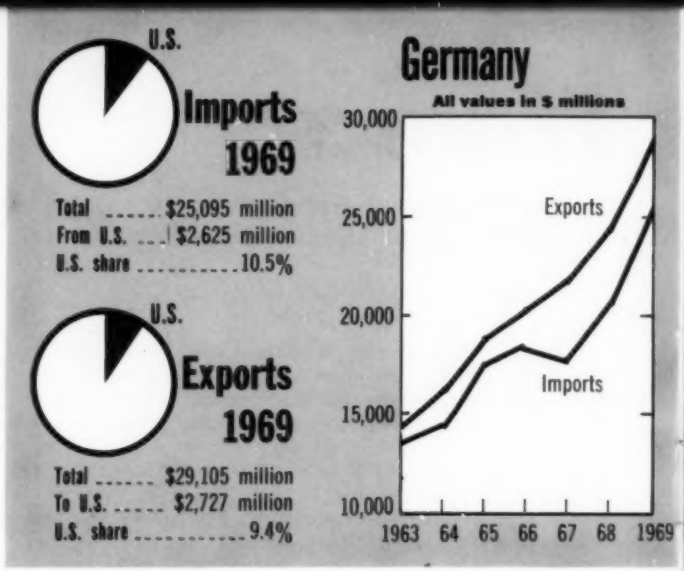
FRANCE'S CHIEF IMPORTS FROM U.S.: machinery, chemicals, instruments, aircraft, foodstuffs, motor vehicles, steel. FRANCE'S CHIEF EXPORTS TO U.S.: steel, machinery, beverages, chemicals, tires, automobiles, aircraft.

Germany

Robust economy causes observers to modify predictions of a leveling off

By KARL H. KORANYI

European Division, BIC



German industrial activity and foreign trade are continuing their rapid rise beyond earlier growth projections made by the government and private research institutes. Economic observers are now inclined to postpone the beginning of the flattening of real growth rates until the fall or winter. The estimates for private consumption and investment in fixed assets also show a substantial upward revision as compared with earlier forecasts.

Meanwhile, in view of the substantial increase in domestic prices, foreign goods, including U.S. products, and services enjoy a growing competitive advantage in addition to the effects of last October's currency revaluation from DM 4.00 to DM 3.66 per U.S. $1. For the year 1970, the six leading economic research institutes forecast an increase of the Gross National Product in real terms of 5% (1969: 8.5%) as against 4% in their fall 1969 projections.

Continuing signs of strain in the economy are perhaps most evident in the rate of price increases. The German central bank recently estimated that hourly wages have increased by more than 13% over a year ago and that the trend is likely to continue through most of 1970. As the last labor reserves have been absorbed and utilization of manufacturing facilities has reached a post-war peak averaging well over 90%, the previous remarkably high increases in the productivity rates are slowing substantially.

Foreign demand slackened markedly following the currency revaluation, and domestic orders have also somewhat slowed; however, the order backlogs are such that production at present levels appears to be assured practically through the end of the year, especially since foreign orders have begun to show again a slight increase.

Investment volume, still increasing at an annual rate of more than 10% compared to 1969, is likely to grow more slowly in the second half of 1970. The combination of rising costs of production and new capital as well as the declining growth rate in business income and the uncertainty of the outlook for the immediate future have induced many manufacturers to exercise some restraint regarding new investment. Recent polls reveal that indications of caution are beginning to modify the previously unrestricted optimism of industrialists. The developments on the stock market also have had a sobering influence.

The effects of the currency revaluation on foreign trade have become increasingly noticeable. Price increases of German exports in 1969, expressed in currency units of the foreign buyer, were put at an average of 14% to 15%. As a result, the growth rate of foreign orders dropped sharply. On the other hand, import prices to German buyers, expressed in German marks, have not declined markedly. However, as domestic prices are rising steadily, imports are at a record level and are expected to climb even more rapidly than the domestic production in coming months.

Of the major service items, net German tourist expenditures, which jumped in 1969 by more than $270 million to the equivalent of $1 billion, are expected to rise further as a result of the currency revaluation.

The U.S. share of Germany's import market in 1969 was 10.5%. As to specific major U.S. export possibilities, trade returns for 1969 show that the largest increase was posted by ferrous and nonferrous metal products, industrial and electrical machinery and equipment, and optical and precision instruments.

One of the most significant recent developments is the growing emphasis placed by the Government and private industry on scientific research. A recently published five-year federal budget plan envisions an increase of outlays for science and education from 3% of total expenditures in 1969 to 5% by 1973.

Also, German businessmen, aware of the chronic labor shortage and keen international competition, have become increasingly interested in streamlining their operations and employing cost-saving devices. Thus, at present, particularly good U.S. export opportunities exist for advanced scientific and technical instruments and equipment and for electronic data, precision and space research equipment in addition to a variety of consumer goods.

Recent exhibitions at the U.S. Trade Center in Frankfurt/Main and market research carried out on behalf of the Bureau of International Commerce indicate that a strong market potential exists for a number of U.S. products, including computers and related equipment, industrial and commercial refrigeration equipment, satellite communication systems and water sports equipment.

Germany's balance of payments for 1969 showed a deficit of about $5 billion, reversing the 1968 surplus of $1.25 billion. This deficit was due largely to the withdrawal of speculative funds following the currency revaluation. Net long-term capital outflow in 1969 reached more than $5 billion, covering chiefly bank loans and German purchases of foreign bonds and shares. In 1970 the changed situation in the German capital market will not permit outflows of such magnitude.

Moreover, as German interest rates have been brought in line with other major capital markets, potential U.S. borrowers in the German market may find that loan terms are less favorable.

GERMANY'S CHIEF IMPORTS FROM U.S.: edible fats and oils, raw tobacco, machinery, chemicals, electrical equipment, motor vehicles, aircraft. GERMANY'S CHIEF EXPORTS TO U.S.: machinery, chemicals, motor vehicles, rolling mill products.

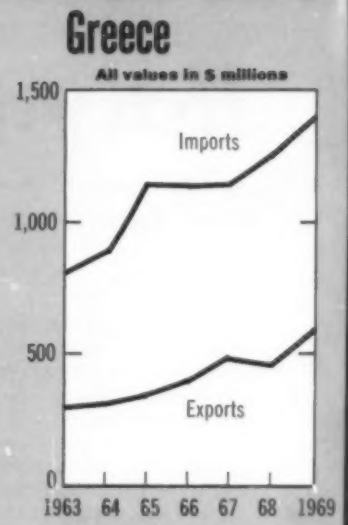
Greece

Large investment projects planned; nation's foreign trade due to expand

By W. O. SUGG
European Division, BIC

Total ..... $1,404 million
From U.S. ..... $151 million
U.S. share 10.7%

Total ..... $554 million
To U.S. ..... $54 million
U.S. share 9.7%



The volume of Greece's foreign trade is expected to rise this year as the economy continues to undergo a brisk rate of expansion. Imports will probably increase by about 12%, and both exports and receipts from invisibles are expected to exceed 1969 levels.

The gross national product is expected to post new gains, although the growth rate will probably be down somewhat from 1969's increase of 8.3% in real terms. Industrial output, particularly in basic metals and minerals, chemicals, and textiles, continues to rise, and an exceptionally good tourist year is in prospect. On the other hand, agricultural production may show only a modest increase, and activity in building construction and trade may be moderated by credit restrictions.

Large investment projects in petroleum refining, petrochemicals, and metal processing planned by Aristotle Onassis and Stavros Niarchos reportedly have enhanced business confidence in the country's economic future.

Increased Government expenditures, both for regular and investment purposes, should also provide a stimulus to the economy in 1970.

Industrial wages and salaries increased by an average of about 10% in 1969 and are still rising. Prices remained relatively stable, with the cost of living index up by only 2.4%, although a somewhat higher rate of increase may take place this year.

Substantial increases are expected in earnings from tourism and higher receipts from shipping and emigrants' remittances are also anticipated. An expansion of about 13% in exports is foreseen, along with an increase of about 12% in imports.

Despite favorable prospects for export growth and invisible receipts, the current account deficit is expected to increase by about 7% over the 1969 figure of $354 million. However, capital inflows now in prospect may reduce the gap to a level that the Government can finance by borrowing, and a drawdown in official reserves may be avoided. At the beginning of 1970, reserves of gold and foreign currency stood at $317 million, equivalent to about 2½ months of imports.

Under Greece's Association Agreement with the EEC, Greek manufactured products have been granted duty free entry into the Common Market since July 1968, while Greek tariffs on products from the EEC are being gradually eliminated over a 12- to 22-year period which began in 1962. Greek duties on types of products not manufactured in Greece were reduced to 40% of their initial level in May and will be completely eliminated by 1974. At the same time, duties on types of EEC products also manufactured in Greece were reduced to 80% of the initial level, and will be eliminated by 1984.

The Greek import deposit system was recently amended when a number of commodities, mostly non-essential consumer goods, were added to the list for which cash deposits must be retained for four months instead of two months, while reductions in cash prepayments were announced for other commodities.

Tariffs to be aligned

Greece is obligated under the Association Agreement to align its customs duties vis-a-vis all third countries with the Common External Tariff of the EEC. The alignment is to take place in stages on most commodities by 1974. The second phase in the alignment was effected in May, along with Greek tariff reductions on EEC products. The alignment process will generally result in lower tariffs applied to most third country products, and the disadvantages to U.S. interests resulting from lower Greek tariffs on EEC products may thereby be partially offset.

Last year the United States improved its share of the expanding Greek import market when total Greek imports from the U.S. rose 42% over the previous year and amounted to $151 million, with the share of the market increasing to 10.7%, compared with 8.6% in 1968. Indications are, however, that it will be difficult to maintain this relatively high market share.

A number of long run factors are working against American exporters in the Greek market, including Greek tastes for European goods, reduced Greek tariffs on Common Market products, the ability of European producers to grant suppliers' credits, and the Greek Government's emphasis on procurement from those countries with which it has bilateral trade agreements. Heightened efforts will be required on the part of U.S. exporters to take advantage of the many sales opportunities which Greece is offering. Particularly important will be the capacity to extend suppliers' credits on competitive terms as both short and long term credits are assuming greater importance in connection with Greece's development needs.

Capital goods, which have constituted an increasing proportion of Greek imports in recent years, and accounted for 28% of the total last year, offer the best prospects for U.S. exporters. Imports of such products are expected to continue to rise as a result of the Onassis and Niarchos investments, and other industrial developments.

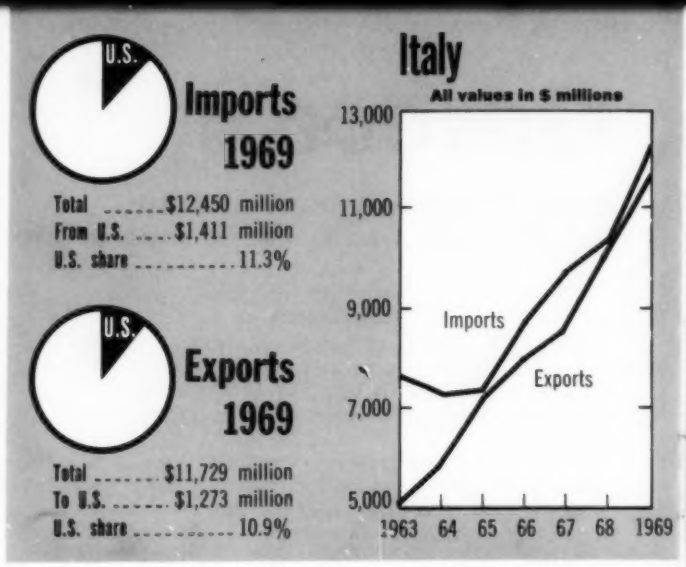
Among the product categories which appear to offer the best sales prospects are power generating machinery, telecommunications apparatus, industrial refrigeration and air conditioning equipment, scientific apparatus, pharmaceutical products, and certain types of office machines.

GREECE'S CHIEF IMPORTS FROM U.S.: aircraft and parts, corn, power generating equipment, iron and steel, furskins, pharmaceuticals, telecommunications apparatus, agricultural machinery. GREECE'S CHIEF EXPORTS TO U.S.: tobacco, minerals, dressed furskins, vegetables, footwear, alcoholic beverages.

Italy

Strong growth rate is resumed, but strike threats, inflation cloud outlook

By RICHARD HUMBERT
European Division, BIC



The Italian economy appears to have resumed its high rate of growth of recent years, although the threat of continued strikes casts an uncertain shadow over the future. During the first quarter, industry strove to make up losses incurred last fall; although imports were up nearly 19% the continued steep rise in wholesale prices—over 9% in a year—is causing alarm, as Italy's international competitive position is at stake. Accordingly, the growth in imports may be as little as 10%, but possibly still as high as 15%.

Until August of last year industrial output had been running at an 8% annual rate of increase, but the fall strikes held the increase to only 3.1%. The hardest hit were the auto (output fell 4%) and steel industries, where production fell 3.2% to 16.4 million tons. As a result, GNP rose only 5% in real terms to $80.5 billion and per capita income was about $1,525.

Recent statements by the government point to a 7% increase in GNP this year (14% in monetary terms). Since the growth rate of fixed investments has accelerated in recent months, the government predicted in May that plant and capital investments would rise by 16 to 24% this year.

Prices soar

Inflation has become the leading problem now facing the government; retail prices have increased 5.4% in the year ending March, while the cost-of-living was up 5.3% during the year ending in February. Labor is pressing its demands for broad social reforms aimed at improving housing, transportation, health and alleviating the tax bite. Proceeding with such necessary programs, at a time when the government seeks to curtail the increase in spending, would further accelerate inflationary pressures. For the moment, business conditions are good as demand continues to pick up. The results of the recent local elections appear to have injected some optimism as the coalition parties maintained their previous positions.

Last year, Italy's imports rose 20% to $12.5 billion, while its imports from the United States rose 18.1% to $1.4 billion, accounting for 11.3% of the market, down slightly from the 11.6% share of 1968. A major factor contributing to this declining U.S. share is increasing competition from Italy's Common Market partners; last year, Italy's imports from the EEC rose 29%, accounting for nearly 39% of the total market. In spite of this, the United States remained Italy's second leading supplier, behind West Germany.

Last year, Italy's exports failed to match the increase in imports, rising only 15.2% to $11.7 billion, while exports to the United States were up 16.8% to $1,260 million, accounting for 10.8% of total exports. The government expects that the current account will probably deteriorate by $1 billion this year, even assuming a 14% increase in exports.

At present, rising prices appear to be causing many firms to lose substantial export orders. In the first quarter, Italy's exports had risen only 5.4% to $3 billion, a very substantial drop from the 17% achieved during the same period in 1969.

American exporters should find a market for high technology and/or automation equipment for use in all sectors of industry; numerical controlled machines, for example, should be in demand. Recent Commerce Department research indicates that the market for computers and peripheral equipment, especially the latter, will continue to rise sharply in the near future, as banks, insurance companies, the government and industry rely increasingly on EDP.

ITALY'S CHIEF IMPORTS FROM U.S.: corn, soybeans, chemicals, machinery, aircraft and engines, scientific instruments. ITALY'S CHIEF EXPORTS TO U.S.: footwear, textiles and clothing, machinery, office machines, motor vehicles, aircraft, metal and non-metallic mineral manufactures.

In addition, all types of machinery, aircraft and parts, semi-manufactures, chemicals, raw materials, corn, and soya beans —our traditional exports—will continue to find a ready market. In addition, government and industry are seeking ways to mitigate the increasing pollution of air and water; this should offer significant sales to U.S. firms marketing equipment and systems to combat the problem.

As the focal point of the U.S. trade expansion program in Italy, the U.S. Trade Center in Milan will stage exhibits featuring the following commodities: September—production, test equipment, components and materials for hybrid circuits; October—pulp and paper production and conversion equipment; November—Electro-optical and laser equipment. In addition, Commerce will stage an exhibit featuring computers and peripheral equipment at the Milan (BIAS) Fair in November.

Payments deficit

Italy's current account registered a $1.6 billion surplus in 1969, while the capital account was $3 billion in the red; the balance of payments deficit thus amounted to $1.4 billion. At the end of 1969, Italy's net official reserves stood at $4.7 billion, but had fallen somewhat by April due to the small growth in exports.

In accordance with the agreement made with the EEC Council last year, Italy reduced the compensatory border tax adjustment, the transactions tax (IGE) levied on all imports and correspondingly reduced the IGE rebates on all exports. Effective April 1, all rates between 4 and 6% were reduced 10%, while those rates in excess of 6% were cut 13%. The IGE rates which were previously 7.2 and 7.8%, will be reduced another 10% on Jan. 1.

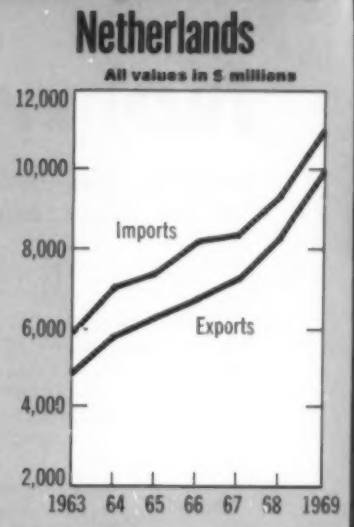
Netherlands

Further trade increase seen, but slower than 1969 pace; U.S. market share dips

By ROBERT H. WALKER
European Division, BIC

Total ..... $10,984 million
From U.S. ... $1,066 million
U.S. share 9.7%

Total ..... $9,956 million
To U.S. ..... $448 million
U.S. share 4.5%



Following a year which showed impressive gains in foreign trade, the Netherlands Central Planning Office forecasts a further increase in trade for 1970, but at only about half the growth rate of the preceding year.

Less stockpiling is expected. Disposable income, and thereby domestic consumption, will increase appreciably. The labor situation will be very tight and the rise in both production and productivity is expected to be less than in 1969.

Preliminary figures place 1969 gross national product at just under $28 billion, 7% above 1968 in real terms. Projections for 1970 foresee the GNP increasing 4.5% in real terms, to about $30 billion in current prices.

As a result of a considerable price hike induced by implementation of the tax on value-added in January 1969, prices were subject to controls between April and September. Consumer prices thereafter steadied and the cost of living index actually declined during the last quarter. Nevertheless, the index in December was 6.5% above December 1968.

Wholesale prices were some 6% above the level of a year earlier. This strong rise reflected the continued increase in imported raw material costs.

A rise of 4% in prices is forecast for 1970, but the cost of living has already gone up 1% between December and February, despite postponement of increases in rents and TVA rates.

Wages rose a little over 10% during 1969. However, because of higher prices and increased tax and social security payments, the net real disposable income gained by less than 1%. Unemployment has decreased and a further tightening in the already tight labor market has appeared. Industry profits in 1969 were high and will spur a demand for increased wages in 1970, possibly resulting in a 10-12% wage boost over the year.

Industrial production rose about 12% in 1969 and will continue upward in 1970, although probably at a slower rate. Export orders accounted for nearly one-half the increase. Sectors showing the largest growth were oil refining, natural gas production, and public utilities. Official forecasts expect a 5% real production growth in 1970. Based on past performances, this is likely to be exceeded.

The Netherlands fully participated in the 1969 world trade boom. Total imports in 1969 reached $10,984 million, 18.3% above 1968, while exports climbed 19.5% to $9,956 million. Following past patterns, the Common Market was Holland's major trading area, supplying 56.7% of imports and taking 60.1% of exports.

Major increases were made in imports of plastics, nonferrous metals, iron and steel products, paper and paper products, crude petroleum and clothing. On the export side, leading gainers were: natural gas, clothing, iron and steel products, transportation equipment, plastics, and petroleum products.

Trade with the United States did not fully share the advances made in total trade during 1969. Imports from the United States rose only 9.7% to $1,066 million, while Dutch exports to this country reached $448 million, only 4.5% above 1968. As a result, the U.S. share of the market fell to 9.7% from 10.9%.

Preliminary data for the first quarter of 1970 show a continued strong growth of foreign trade. Imports at $3,044 million were up 21.3%, and exports increased 20.9% to $2,708 million. The depressive effects of the 1969 dock strike may be seen in the extraordinary recovery made in trade with the United States. First quarter 1970 imports from the United States bounced back 51.9% above the comparable 1969 period to $307 million as exports climbed 32.5% to $110 million. As a result of this progress, the U.S. market share for the quarter was 10.1%, compared with 8% in Jan.-Mar. 1969.

With Dutch businessmen expected to invest upwards of $500 million in new equipment in 1970, $308 million by the Government for scientific research and an additional $420 million by private industry for research and development, export opportunities exist for a broad range of U.S. goods. Items with bright prospects include: process control equipment, especially for the petroleum and chemical industries; advanced instruments for laboratories, medical purposes and industrial uses; organic chemicals; plastics; advanced equipment for ships, shipbuilding and repair, and cargo handling; pollution control equipment, although the market is still largely untested; and various agricultural commodities, particularly oilseeds and feeds. Opportunities for franchising businesses are expanding.

The Central Bank has reported a surplus of $186 million on a cash basis in the current account of the balance of payments and a deficit of $14 million on a transactions basis. The capital account closed with a deficit of $63 million which, with $39 million in unclassified receipts, led to a surplus of $148 million in the nonmonetary sector. Banking transactions recorded a deficit of $84 million.

Because of the favorable results achieved in Europort 69, the most successful U.S. exhibit in the Netherlands, the Department of Commerce is seriously considering a similar exhibit in November 1971.

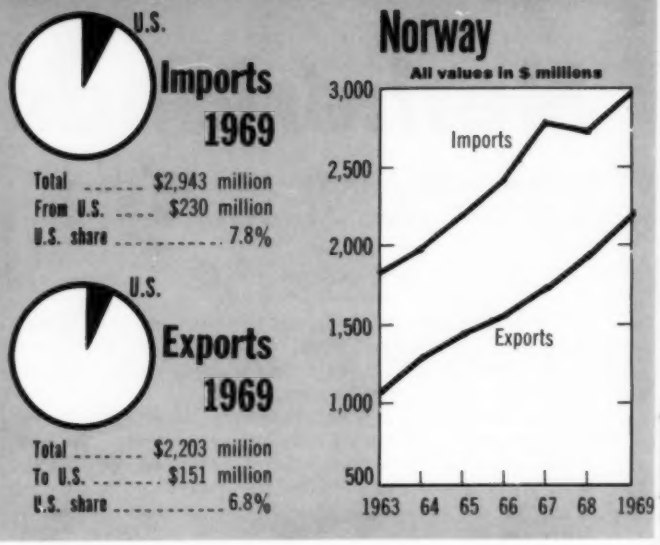
NETHERLANDS' CHIEF IMPORTS FROM U.S.: nonelectric machinery and equipment, grains and products, oleaginous seeds and fruits, electrical machinery and equipment, aircraft and parts, non-grain fodders, organic chemicals. NETHERLAND'S CHIEF EXPORTS TO U.S.: canned meat and meat products, electric machinery and equipment, iron and steel products, nonelectric machinery and equipment, office machinery, petroleum products, flower bulbs, cocoa.

XUM

Norway

Economy continues in high gear; demand for U.S. goods expected to remain steady

By GRANT OLSON
European Division, BIC



The Norwegian economy continues to operate at a high level. American exporters may expect favorable opportunities during the remainder of 1970.

One of the uncertainties in the economic outlook at the beginning of the year was the negotiation of new wage agreements. A basic wage agreement covering a two-year period has now been negotiated by the Norwegian Federation of Labor with the Norwegian Employers Association.

This basic wage agreement provides for a two-year wage contract governing 250,000 industrial workers. Under its terms there is to be an average wage increase of 9.5%. As soon as the individual unions and industries have completed their negotiations under the basic wage agreement the new wage contracts will enter into effect. This development should provide stable labor conditions for the duration of the contract.

Industry is operating near capacity in most sectors and demand for Norwegian products at home and abroad continues unabated.

Other aspects of the Norwegian economy which make prospects for American exporters favorable include the plans of Norwegian industry to maintain a high level of investment during 1970, relatively stable prices, and a continuing demand for the services of the Norwegian merchant marine in the international freight markets which insures steady foreign exchange earnings.

The improvement in Norwegian industrial production is continuing in 1970, and offers markets for U.S. semi-manufactures and raw materials. An important factor in the industrial sector of the economy has been a significant expansion in the capacity of the aluminum industry during the past year. This provides an important base for growth in exports and an increase in foreign exchange earnings.

The introduction of the 20% value-added tax on Jan. 1 brought a sharp rise in demand for consumer goods, especially consumer durables, during the latter part of 1969. This was due to the anticipated increase in the tax on consumer goods. Under the single-stage general sales tax which the value-added tax replaced the rate was 13.64%.

The national economic budget prepared by the Government for presentation to the current session of the Storting (Parliament) projected a 4.7% rise in the gross national product in 1970. This forecast compares with a long range forecast of annual average GNP growth of 4.5% for 1970-73. In 1969 the GNP reached a value of $9.7 billion (at current prices) representing an increase of 3.9% (in real terms) over 1968.

For the second time in the past ten years Norway enjoyed a surplus in its balance of payments. The surplus for 1969 has been placed at $173 million. Among the factors contributing to the surplus were a lower level of ship imports and an increase in the sale abroad of second-hand ships, plus a strong demand for Norwegian export commodities, notably metals, forest products, fish and fish products.

In addition to the foregoing traditional export commodities, new products are being exported by Norway, chiefly to the other Nordic countries. Many of these are contributed by the engineering industry. Possibilities to develop and expand this trade have resulted, in part, from Norway's participation in the European Free Trade Association (EFTA).

The creation of a common Nordic market with a customs union appears to be on the shelf because the Finnish Government decided against signing the "NORDEK" treaty which was to have put the Nordic market plan into operation.

Norway's total exports in 1969 had a value of $2.2 billion, of which $151 million or 6.8% went to the United States.

Total imports into Norway in 1969 were valued at $2.9 billion as compared with $2.7 billion in 1968, an increase of 9%.

Imports are expected to continue at a high level. Ship imports are scheduled to show a sharp increase during 1970. In addition, the demand for machinery, equipment, industrial raw materials and semi-manufactures has remained strong.

The U.S. share of Norway's imports has ranged between 6% and 8% during the past decade. In 1969 imports from the United States had a value of $230 million, which represented 7.8% of the total. Trade in many categories such as grain, tobacco, cotton and fuel has tended to fluctuate during the last five years.

The commodities which offer the most favorable prospects in 1970 include small aircraft, helicopters, aviation equipment, equipment for Norway's shipbuilding and extensive merchant fleet, electronic data processing equipment and industrial process control equipment.

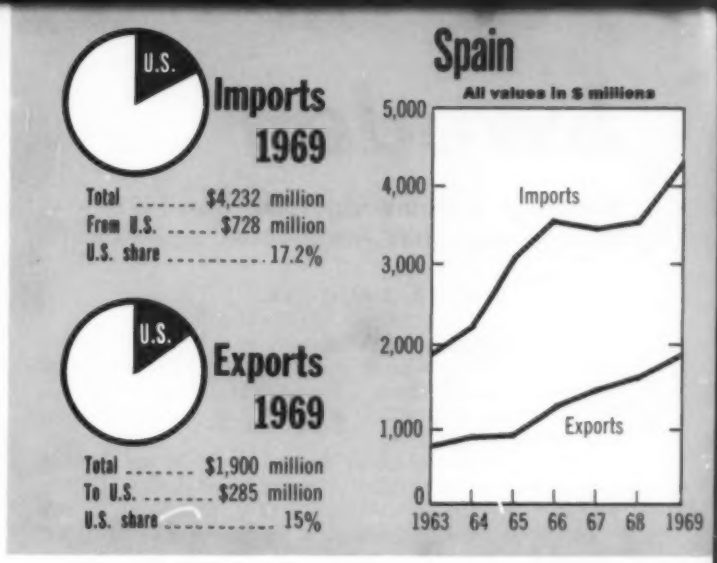
The U.S. Trade Center in Stockholm is becoming increasingly effective in aiding American exporters to penetrate the Norwegian market. Trade shows scheduled for the latter part of 1970 are: Environmental Test Equipment, Sept. 28-Oct. 3; Industrial and Scientific Temperature Measurement Control Equipment, Nov. 16-21 and Automotive and Boat Repair and Test Equipment Dec. 7-12. A Trade Center show presenting Metal Parts Production Equipment has been scheduled for Jan. 25-30, 1971.

NORWAY'S CHIEF IMPORTS FROM U.S.: machinery and equipment, commercial aircraft and parts, chemicals, oilseeds, fruit and vegetables, petroleum products, tobacco and tobacco products. NORWAY'S CHIEF EXPORTS TO U.S.: aluminum, fish products, ferroalloys, furs, machinery, artificial fertilizers.

Spain

Government attempting to slow down surging imports; U.S. is top supplier

By GEORGE FALK
European Division, BIC



The forward motion of Spain's rapid expansion of imports in 1969 has carried into 1970. The United States with $728 million (CIF) and 17.2% of the Spanish import market in 1969 continued to rank as Spain's leading supplier.

The rate of expansion, which recorded a 23% increase for the U.S. last year, may be reduced should the Spanish Government be successful in slowing down import demands. To help achieve this, the Spanish Government introduced an advance import deposit system in December 1969 which is scheduled to remain in effect through December 1970. It appears, however, that the advance deposit system has not been fully effective and imports for the first quarter are running 24% ahead of last year.

Although business confidence has been restored since the recession of 1967-68, the Government will need to remedy current economic problems if confidence is to remain high. These include a balance of trade deficit, a balance of payments problem, inflationary pressures, and an over-heated economy.

In 1969, Spain imported $4.2 billion in goods, against $1.9 billion in exports. The trade imbalance for the first quarter has shown no improvement ($1,149 million vs. $550 million of exports), and the possibility exists that Spain may take additional measures to curtail its soaring imports.

With the exception of a small surplus in 1968, Spain has suffered losses in its official reserves each year since 1964 and by January 1970, reserves had fallen to $832 million, its lowest level since 1961. A continued deterioration of the balance of payments could cause the Government to take restrictive measures. The first few months of 1970 have recorded an upturn in Spain's official reserves which appears to be attributed primarily to substantial inflows of short-term funds. If Spain is able to weather the second quarter, heavy tourist receipts by mid-year should further ease the balance of payments problem.

Inflation is a serious problem in the Spanish economy. All indications point to increasing difficulties for the Government in keeping the lid on prices and wages which, until recently, were held in check. In an attempt to prevent runaway wage increases, the Government has placed an 8% ceiling on wage increases covering a two-year contract and 6.5% on one year agreements. The Government has also established some control on certain categories of goods, but has decided to halt attempts to maintain direct price controls for all products.

Spain's over-heated economy is partially reflected in its Gross National Product which recorded an annual rate of 7.8% in 1969 at $28 billion. This rate is substantially above the desired 5.5% growth rate established by the Second Economic Development Plan for 1968-71, and constitutes a danger to stable development. One measure the Government has taken to restrain further growth is an indefinite postponement of 10% of planned current expenditures of its 1970 central budget which would adversely affect the sales of U.S. public works equipment.

Spain has reached a trading agreement with the Common Market in which Spain will receive tariff preferences ranging from 40-70% on a number of industrial and agricultural products while granting the European Community tariff preferences of from 25-70% on specified industrial products. Preferences will be staged over a six-year period.

The agreement should have an effect on the competitiveness of some U.S. exports to Spain and is intended as the first step toward full membership in the Common Market.

SPAIN'S CHIEF IMPORTS FROM U.S.: soybeans, power generating equipment, organic chemicals, aircraft, metal ores and scrap, corn, electrical machinery, coal, iron and steel, metalworking machinery, office machines, construction and mining machinery. SPAIN'S CHIEF EXPORTS TO U.S.: footwear, olives, clothing, textiles, olive oil, office machines, furniture, wines, chemicals.

The Department of Commerce recently completed a successful all-U.S. exhibition featuring food processing and packaging equipment along with commercial and industrial refrigeration. Another all-U.S. display is currently being considered for the Fall of 1971 in the field of industrial automation equipment to help meet the needs of Spain's desire to further modernize its industrialization program. Other commodities that appear to offer good sales potential include aircraft, organic chemicals, power generating equipment, telecommunication apparatus, materials handling equipment, EDP equipment, agricultural machinery, scientific and technical equipment, coal, petroleum products, tobacco, and feed grains.

Spain recognizes the need for foreign investment and welcomes investments in desired areas which serve to further the country's industrial and technological development. The Government is continuing its program of offering tax benefits, rebates and other incentives to approved industries establishing in certain specified development areas within the country. Earlier in the year the U.S. decided to reclassify Spain under its Foreign Direct Investment Program from a Schedule "C" country to a Schedule "B" country, thereby permitting a greater inflow into Spain of direct investments from the United States.

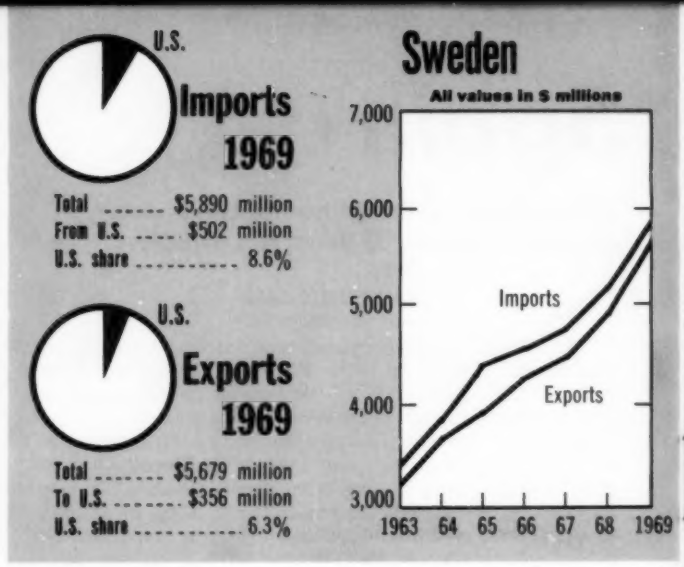
Continued economic growth which resumed last year should promote and strengthen U.S.-Spanish trade relations, particularly if the Government of Spain is able to solve some of the economic problems it presently faces.

XUM

Sweden

Economy remains vigorous, but 1970 growth estimates are revised downward

By GRANT OLSON
European Division, BIC



The Swedish economy is operating at a high level but the rate of growth is moving at a slower pace than in 1969. Employment is high, industry is operating at near capacity levels in most sectors and demand for Swedish goods both at home and abroad is strong.

The most recent economic forecast issued by the Swedish Government indicates that the gross national product (GNP) will grow at a rate of 3.5% during 1970. This compares with a growth rate of 4.3%, forecast at the beginning of 1970, and 5% (at constant prices) recorded in 1969. The GNP reached a level of $28 billion at current prices in 1969.

The Government has indicated that it intends to continue the financial and credit measures adopted in 1969 to stem inflationary pressures.

The latest survey of the Central Bureau of Statistics indicates that Swedish industry has made no significant changes in investment plans for 1970. According to a survey published in January of this year Swedish industry planned to invest $753 million in machinery and equipment. Among the industries planning increased investments during 1970 are the food, iron and steel, electrical and mechanical engineering industries.

The Swedish price index shows wholesale prices moving upward at a slow but steady pace. Export prices have tended to move more rapidly than import prices. A recently concluded agreement involving the shipment of Swedish iron ore to the Ruhr Steelworks provides for an average price increase of 12% over 1969 prices. The quantity of iron ore to be delivered, however, under the 1970 contract is lower than in 1969.

Private consumption for the whole of 1970 is expected to grow at a slower rate than in 1969. This is based on the assumption that real disposable income will rise by only 2.8%. Larger wage earnings will be offset by a higher rise in consumer prices.

The strong expansion in world trade has also influenced the development of Swedish foreign trade. Both exports and imports increased by 15% in value during 1969. Exports were valued at $5.7 billion and imports at $5.9 billion.

In 1970 the early economic projections showed an increase of 8.5% in the volume of Swedish exports and a rise of 7.5% in the volume of imports. In terms of value, exports are expected to rise by 12% and imports by about 10%, which would improve Sweden's terms of trade by about 1%.

U.S. sales are rising

The U.S. share of Sweden's import trade, which has ranged around 10% throughout most of the past decade, was 8.6% in 1969. Imports from the U.S. reached a value of $502 million in 1969, an increase of 6% over 1968. Swedish demand for such commodities as grain, tobacco, cotton, coal, iron and steel have shown a tendency to fluctuate over the past several years. On the other hand there has been a rather steady increase in the value of Swedish imports of machinery, equipment and instruments during the past five years. During 1969 imports of machinery and equipment showed a rise of 13.7% in value.

Sweden continues to offer good sales opportunities for a broad range of manufactured goods and food products during 1970. Among the manufactured goods are: environmental pollution and noise control equipment, industrial process controls and instrumentation, electronic components, industrial chemicals, textiles and textile products.

The Scandinavian Airlines System still has a number of commercial aircraft on order with U.S. manufacturers which are scheduled to be delivered during 1970. Demand for aircraft parts and components should continue at steady level.

As competition has become more intense Swedish industry has moved toward greater concentration of production, amalgamation of firms and product exchange. Not only have changes taken place within the domestic industry but many firms have established subsidiaries abroad, entered in licensing and cross licensing arrangements. During the past year there was a heavy movement of Swedish investment capital abroad, noticeably affecting Sweden's balance of payments.

American exporters in the consumer goods field will also find that significant changes have taken place in the retail distribution field. For a long time the consumer cooperative with a strong central purchasing organization was a dominant power factor in Swedish retail trade.

During the past decade independent retailers have joined in central purchasing organizations and have formed voluntary retail chains. At first these voluntary retail chains were largely in the food field but now cover practically all retail trade. In some instances these voluntary retail chains have expanded from Sweden into the other Nordic countries.

These voluntary chains have simplified reaching the Swedish retail trade because it requires fewer sales calls, it permits better sales planning and promotion, and provides simpler and more rapid payment arrangements.

The U.S. Trade Center in Stockholm continues to provide an effective means of reaching both the capital goods and the consumer goods markets of Scandinavia.

SWEDEN'S CHIEF IMPORTS FROM U.S.: machinery and equipment, aircraft and parts, automotive vehicles and parts, chemicals, instruments, fruits and vegetables. **SWEDEN'S CHIEF EXPORTS TO U.S.:** automobiles, machinery and equipment, iron and steel, forest products, instruments.

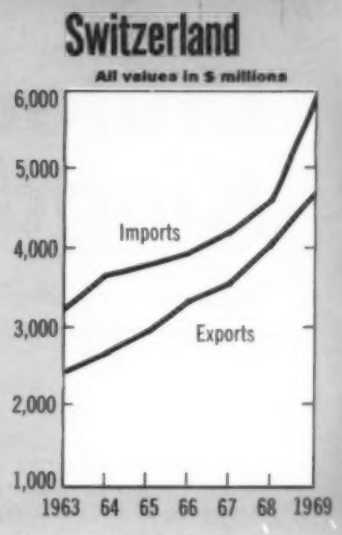
Switzerland

Exports play dynamic role in two-year expansion, but moderate slowdown likely

Prepared by the European Division, BIC

Total .....$5,287 million
From U.S. .....$447 million
U.S. share 8.5%

Total .....$4,653 million
To U.S. .....$438 million
U.S. share 9.4%



The Swiss economy has expanded at an increasing pace during the past two years, with exports playing a dynamic role. Although a moderate slowdown in the growth rate is expected in 1970, U.S. exports are expected to increase significantly.

On Mar. 1, 1970 the Swiss Government implemented the three final tranches of the GATT Kennedy Round tariff reductions. This action has resulted in an average tariff reduction of 21% from the 1969 level on most non-agricultural items and should stimulate imports from the United States and other non-EFTA countries.

The Swiss gross national product in 1969 grew by 5.2% in real terms to $18.6 billion; this was the highest growth rate in recent years. This expansion occurred despite stringent government controls over the influx of foreign workers. The resulting acute labor shortage, combined with restrictive government policies, is expected to continue and will tend to restrain growth.

Industrial production rose by 11% in 1969, led by the chemical and other export-oriented industries. Wage and price increases have been slight, especially in comparison with those of Switzerland's major trading partners. In 1969 wages increased 4.4%, consumer prices 2.5% and wholesale prices 3.0%. Slightly greater increases are expected this year.

Last year both exports and imports expanded rapidly. Swiss exports climbed 15.3% over 1968 to $4,653 million. Swiss imports for 1969 rose 17.0% to $5,287 million. The trade deficit was more than offset by tourist expenditures and other receipts.

In 1969 Swiss imports from the United States grew by 10.6% to $447 million. Nevertheless the U.S. market share declined from 8.9% to 8.5%. Imports of civil aircraft in 1969 declined to $23.5 million, from over $40 million in 1968.

During 1969 total imports of consumer items other than food registered an above-average increase of 22% in response to expanding consumption. Consumer items best suited for export to the Swiss market generally are of a labor-saving or leisure time nature, such as do-it-yourself and hardware items, marine equipment, outdoor sports equipment, swimming pool apparatus and men's and women's apparel.

Reduction of the foreign labor component of the labor force will compel further rationalization of industry to sustain productivity gains. Opportunities for U.S. exports in labor-saving machinery and equipment should increase as industries seek to automate. Increasing Swiss concern with environmental pollution and plans to introduce new federal regulations on air pollution, noise abatement, and further controls on water pollution provide excellent long-range sales opportunities for U.S. technologically advanced equipment and instruments.

Prospects are good for such items as refrigeration and air-conditioning equipment for industrial and commercial application, food processing and preparation equipment, materials handling equipment, industrial electronic components and printed circuits, specialty machine tools, assembly line and automatic transfer equipment, technical measuring and analyzing instruments, and chemicals for the paper and textile industries. Since Germany is the main U.S. competitor in the capital goods area, last October's upward revaluation of the mark may make U.S. products more attractive.

The Swiss authorities have introduced a series of anti-inflationary measures, including a ceiling of 8.3% on increases in bank credit. With domestic credit in short supply, the ability of U.S. exporters to arrange attractive credit terms will assume increasing importance.

As part of this anti-inflationary campaign the Swiss Federal Council proposed in March a 5% deposit on exports to curb the excessive expansion of the export-industries and to aid in meeting increased domestic demand. Though originally tabled in committee, the National Assembly (legislature)enacted a modified version of the bill on June 17. The Swiss expect to collect approximately $300 million per year while the proposal is in effect. The money is to be held in escrow by the Swiss National Bank and will bear no interest.

Investment in building and construction amounted to approximately $3.5 billion for 1969, recording an increase of 12% over 1968. Stimulated by the economic upswing in the latter half of 1969, total fixed asset formation grew by 11% over 1968. Though the effect of recent credit restraints is as yet unclear, it is expected that a strong internal demand will continue to sustain increases in investment and construction throughout 1970, with an anticipated 10% rise in building costs.

This expected growth in the face of an ever increasing Swiss labor shortage should provide an added boost to U.S. capital exports during 1970.

Though the Department of Commerce plans no direct participation in Swiss trade fairs during 1970, the following fairs may be of interest to the American exporter: Interfex, International Trade Fair for Hardware, Tools, Household Goods, Basel, Sept. 6-8; HOLZ 70, International Woodworking Fair, Basel, Sept. 26-Oct. 4; Swiss Autumn Fair, Comptoir Suisse, Lausanne, Sept. 12-27; Fera, Swiss Radio, Television, and Audio Show, Zurich, Aug. 26-30; and the 5th Int'l Hydraulics and Pneumatics Fair, Zurich, Oct. 29-Nov. 3.

SWITZERLAND'S CHIEF IMPORTS FROM U.S.: aircraft and parts, electronic tubes and circuitry, tobacco, computers, communications equipment, business machines, electronic measuring equipment. SWITZERLAND'S CHIEF EXPORTS TO U.S.: nonelectric machinery, watches, chemicals, scientific apparatus and instruments, textiles, food specialties.

XUM

United Kingdom

Industrial equipment leads import rise as economic tempo picks up momentum

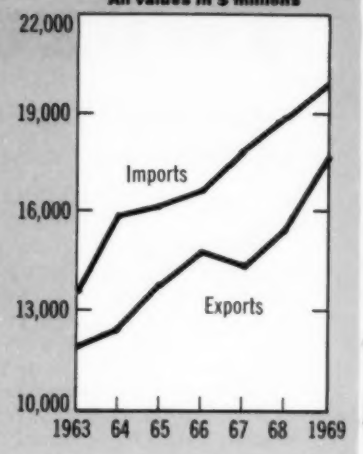
By PAUL NORLOFF
European Division, BIC

Imports 1969

Total ..... $19,956 million
From U.S. ... $2,710 million
U.S. share 13.6%

Exports 1969

Total ..... $17,519 million
To U.S. ..... $2,174 million
U.S. share 12.4%



U.S. exports to the United Kingdom in 1970 are expected to increase over 1969 as a need continues for U.S. goods to support the expected increase in economic activity and a continuing rise in total U.K. exports. The principal contributions to this expected increase, as in the past, are expected to be made by advanced industrial machinery and equipment of many types.

As of May 1, the deposit rate for the Import Deposit Plan (IDP) was cut from 40 to 30%. Under the IDP, a deposit must now be made of only 30% of the landed value of most finished goods before Customs will release the goods, the deposit to be held for six months without interest and then automatically to be returned to the depositor. Assurances have been given that the IDP will not be renewed or extended when it expires on Dec. 4, 1970. A possibility exists that the deposit rate may even be reduced before that time, depending on developments in the balance of payments.

The declining impact of the Import Deposit Plan during the remainder of 1970, added to the continuing opportunities for expanded exports of U.S. goods presented by basic government programs aimed at modernizing and rationalizing industrial plant and equipment, should mean that U.S. exports to the U.K. can continue their steady year-to-year expansion.

The gross national product, which rose in real terms by about 2% in 1969, is likely to rise by about 3% in 1970. If domestic demand should expand over 1969 levels at the markedly higher level now being expected by many observers, the GNP could move up by as much as 3½%, aided by an upswing in manufacturing investment associated with the continuing drive to expand exports.

Since the second half of 1969, wages have been rising sharply. Although productivity has also moved up steadily, unit labor costs have also been rising. Exports rose rapidly in the second half of 1969 in line with the general expansion of world trade, and continued their upswing in the first half of 1970. Imports in 1970 have also been expanding, and at a more rapid rate than exports, reflecting the rebuilding of depleted stocks as well as heightened demand for materials in connection with constantly growing exports.

Since the devaluation of November 1967, retail prices have risen at an annual rate of 5%, as compared with a prior average increase of 3½%. About half of this increase is attributed to devaluation and to associated increases in taxation to promote the switch of resources out of private consumption and into exports and manufacturing investment.

As a result of the swing into a favorable balance of payments position during the second half of 1969, and correspondingly favorable developments in both the short-term and long-term capital accounts, the opportunity was taken to reduce short and medium-term indebtedness by more than $3 billion (from $7 billion to $4 billion) by the end of March 1970.

British imports during 1969 reached approximately $20 billion, an increase of 5.4% over 1968. This slowing down in imports indicates that the U.K. Government's efforts to dampen the flow of imports has achieved some degree of success. Significant increases occurred, however, in several product categories. Imports of transport equipment rose 14.5% to $892 million; non-metallic mineral manufactures, 14.6% to $929 million; clothing, 13.1% to $299 million; chemicals, 11.5% to $1,109 million; electrical machinery, 12.4% to $639 million; and non-electrical machinery 8% to $1,635 million. U.K. imports from the United States during 1969 increased by 6.1%, and the U.S. share of total U.K. imports rose from 13.5% to 13.6%.

During 1969, British imports from the United States of foodstuffs, and raw and basic materials remained basically at about the same level. It can be expected that imports of these items will increase during 1970 as U.K. manufacturers replenish depleted stockpiles. As usual significant increases occurred in U.K. imports of machinery and transport equipment. These product categories have continually led the way in increased U.S. sales to Britain over the past several years.

Imports of transport equipment (mostly aircraft) rose 19.7% to $480 million. Other significant increases occurred in electrical machinery and apparatus, up 18.4% to $239 million; non-electrical machinery, 10.9% to $525 million; professional and scientific equipment, 16% to $95 million; and iron and steel products, 80.3% to $42 million.

Sophisticated and technologically-advanced machinery and equipment will continue to find excellent market prospects in the United Kingdom.

U.S. trade promotion activities in the United Kingdom during the coming year will include Trade Center exhibits on instruments and materials for the plastics industries, Sept. 8-13; industrial flow automation equipment, Nov. 9-13; and medical engineering equipment, Dec. 7-11. In addition, the Department of Commerce has plans to stage a solo exhibit on computers and peripheral equipment in April 1971.

U.K.'S CHIEF IMPORTS FROM U.S.: cereals, tobacco, textile fibers, chemicals, machinery, transport equipment, scientific instruments, nonferrous metals. **U.K.'S CHIEF EXPORTS TO U.S.:** Scotch whisky, textiles, iron and steel products, machinery, transport equipment.

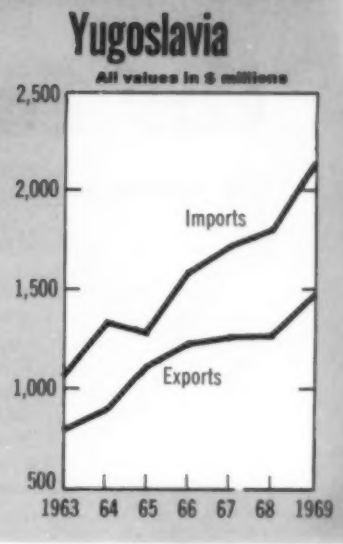
Yugoslavia

Capital equipment purchases pace rapid import growth; inflation mars picture

By GAIL VAN KEULEN,
European Division, BIC

Total ..... $2,135 million
From U.S. ..... $93 million
U.S. share 4.3%

Total ..... $1,475 million
To U.S. ..... $94 million
U.S. share 6.4%



Rapidly expanding import needs, characterized by increased purchases of capital equipment, will boost U.S. sales to Yugoslavia in 1970 if American firms take advantage of this opportunity.

A continued strong upsurge in the economy, together with a Yugoslav drive toward plant modernization, and expansion of export-oriented industries are responsible for the increase in purchases from abroad in 1969. In addition, a satisfactory export growth rate and a large increase in tourist receipts made additional hard currency available for import. All of these factors should remain unchanged through 1970, making this another year of rapid import growth.

In 1969, the Yugoslav GNP growth rate was 6.5% in real terms and 16% in current prices. Although authorities in Yugoslavia hope to hold the 1970 GNP growth rate to around 8%, first-quarter statistics indicate that this figure will be exceeded, with inflation again accounting for a significant percentage of the nominal GNP increase.

Inflation has been a problem for several years in Yugoslavia. Retail prices rose by 8% in 1969 over 1968, and the cost-of-living index rose by 10%. Prices increased by a slightly faster rate in the first quarter of 1970, and the continuation of the present trend will result in an overall 10% increase in retail prices during the year. The Yugoslav Government took some cautious steps to cool off the economy, but these have resulted in little change. There has been no indication whether or not additional measures will be forthcoming during the last half of 1970.

Thus far, the inflationary situation has not hurt Yugoslavia's balance of payments—in spite of a deteriorating balance of trade—due to a rapid increase in tourist receipts and remittances from workers abroad. Yugoslavia's trade deficit was $600 million in 1969, a $127 million increase over 1968. However, there is some prospect for improvement in the balance of trade in 1970; first quarter statistics show that the trade deficit was reduced by 29% from $208 million in 1969 to $146 million this year. Moreover, the principal invisibles, tourism and workers' remittances, are both continuing to grow rapidly.

It is not anticipated, therefore, that any major trade restrictions will be imposed this year, but this also depends largely on continued strong export advances. The continued economic growth of Yugoslavia's main trading partners as well as the increasing competitiveness of Yugoslav products on world markets should ensure a good export performance through 1970. A recent agreement with the EEC on beef imports is expected to boost sales of this important Yugoslav export.

Trade with West continues strong

As has been the case for several years, the convertible currency area accounted for two-thirds of Yugoslavia's total foreign trade in 1969, with the EEC accounting for 36% and EFTA 15%. Trade with the CEMA nations continued to decrease and accounted for only 27% of Yugoslavia's total trade in 1969, a new annual low.

Exports from the United States to Yugoslavia amounted to $92.5 million in 1969, an increase of 3% over 1968, with exports of computers, electronic calculators, and electronic machinery showing sizeable increases. However, this was well below Yugoslavia's 19% import growth rate for the year, and the U.S. share of the import market fell from 5.1% in 1968 to 4.3%. Yugoslavia's 1969 imports totaled $2,135 million.

YUGOSLAVIA'S CHIEF IMPORTS FROM U.S.: electronic computers, office machinery, oil seed meal, construction and mining machinery, cotton, chemicals, mechanical handling machinery. **YUGOSLAVIA'S CHIEF EXPORTS TO U.S.:** furniture, nonferrous metals, electrolytic copper, lead, clothing and footwear, canned meat, tobacco.

As Yugoslavia's import demand for capital equipment is expected to remain high in 1970, the level of U.S. sales will be determined primarily by the interest shown by U.S. firms in pursuing these opportunities and the ability of these firms to offer competitive financial and credit terms.

In general, best sales opportunities lie in equipment for Yugoslavia's export industries, which receive preferential treatment in access to foreign exchange, and efficiency-oriented equipment in line with modernization and expansion efforts on the part of most Yugoslav industries.

Specific products with good sales potential include agricultural machinery, railway and highway construction equipment, computers, air conditioning and commercial refrigeration equipment, machinery for extracting and processing ores and minerals, industrial control and testing equipment, machinery for the furniture industry, hospital equipment and medical supplies, and equipment for communications modernization. There is also a market for consumer goods for Yugoslavia's increasingly affluent, mobile society.

Potential U.S. exporters should remain alert for information about Yugoslavia's 1971-75 five-year Development Plan, which will be drawn up by the end of CY 1970. Although such plans in Yugoslavia are not mandatory, they serve as guidelines of desired economic and industrial development, and thus indicate sectors in which investment expenditures for capital equipment will be encouraged. It is expected that industrial modernization in general and particular emphasis on the expansion of export-oriented industries will continue to receive high priority in the 1971-75 Plan.

Far East sales record seen

U.S. exports to region could top $8 billion mark, but trade deficit likely to persist

By ROBERT M. KLEIN
Deputy Director
Far Eastern Division, BIC

U.S. exports to the Far East this year should match the substantial gains registered in 1969, when new sales records were set for about half of the countries of the region. Shipments to the Far East last year exceeded $7 billion for the first time, and may top the $8 billion mark in 1970.

The continuing economic growth in most Far Eastern countries has widened the prospects for U.S. suppliers, and many are taking advantage of the opportunities presented. In terms of the U.S. share of the 11 major country markets, however, the 1969 results were not impressive. American exporters enlarged their share in only one country, while slipping in five others and holding their own in the remaining five.

In absolute value, U.S. export gains to the Far East in 1969 continued what is now a five-year trend of significant increases, roughly averaging 10% annually and generally outpacing the rise in total U.S. exports to the world. But at the same time, imports from the Far East, except for 1967, have been growing at a considerably faster rate.

Consequently, in 1968, after a series of years in which our Far Eastern market contributed to the sizable export surplus for the United States as a whole, a trade deficit of nearly $400 million was registered with the region. Last year this deficit nearly tripled, to a level of $1.1 billion. The widening of the trade gap was more than explained by U.S. trade with Japan where, despite increases in both directions, the greater spurt in U.S. purchases of Japanese goods resulted in a massive trade deficit of $1.4 billion.

Exports up nearly 12%

Nevertheless, taking U.S. sales to the region by themselves, last year's performance was a favorable one. U.S. Census data indicate that 1969 exports to the Far East (including Oceania) totaled $7.2 billion, an 11.5% rise over the previous year. This compares with a gain of about 9% for 1968. The sales gains were broadly dispersed, with higher purchases being made by nine of the region's fifteen countries.

Although trade data for the earlier months of 1970 cannot be directly compared with the corresponding period of 1969, when cargo movements were disrupted because of the longshoremen's strike at Atlantic and Gulf Coast ports, the indications are that the overall increase in 1970 sales will be in line with last year's.

The most important element in these results was the record 18% rise in U.S. exports to Japan, for a total of $3.5 billion. With the real growth of the country's gross national product (GNP) this year expected to exceed 11%, and with ample international reserves (some $4 billion), U.S. exports to Japan should at least match the percentage gain of 1969 and exceed $4 billion. Thus Japan will be even a more dominant factor than previously, as for the first time it may account for over one-half of total exports to the Far East.

In contrast, sales last year to our second-ranking market in the region, Australia, were again marginally off, and were more steeply so in the case of the Philippines which until 1968 had been the third best U.S. market. The slippage in sales to Australia, despite the unusually strong growth of the economy, was partly explained by some fall-off in shipments of commercial aircraft. With continued expansion of the Australian economy, U.S. exports may recover moderately in 1970 to about the 1967 benchmark.

Philippine sales continue drop

Shipments to the Philippines, however, which in 1969 fell 14% below the record level of the previous year, are expected to recede further in 1970, in the face of various measures undertaken to correct the country's balance of payments and budgetary deficits.

The major reversal this year from 1969 trends will be in the case of Korea, where heavy shipments of PL-480 food grains and military aid goods raised Korea, with a 37% increase in total U.S. exports, into third place among the region's markets. With both factors less important this year, overall sales are expected to decline moderately but will nevertheless be well above the 1968 level as the country continues its vigorous economic growth.

In the case of Taiwan, after two successive years of substantial U.S. export gains, U.S. sales were only marginally up in 1969, being somewhat affected by reduced military shipments. With Taiwan's real GNP projected to expand this year by 11-13%, U.S. exports should rise significantly.

Elsewhere in the region, continued advances in U.S. sales are foreseen for Hong Kong, Indonesia, and Singapore, with U.S. exports in the latter case having more than doubled between 1967 and 1969; some recovery is seen in exports to New Zealand, where aircraft is the volatile element; recovery also is expected in the case of Malaysia, where 1969 sales were marginally off; and continued slippage in exports to Thailand, reflecting completion of some major investment projects as well as military construction.

As indicated earlier, it is the U.S. import side which largely explains the growing deficit in our trade with the Far East and, to some extent, the improved ability of Far Eastern countries to finance their own imports. Following a sharp rise of 30% in U.S. imports from the region in 1968, imports expanded by nearly 22% last year.

The rise in imports from Japan, which accounts for some three-fifths of the regional total, was about equal to the overall figure. But all of the countries of the region, with the exception of the Philippines, shared in the higher import bill, led (among major suppliers) by Korea and Taiwan which posted respective gains of 46% and 44%. The 1970 prospect is for continued increases, but at a lessened rate.

Promotional efforts

In order to further develop and expand the U.S. role in Far Eastern markets, the Department of Commerce continues to utilize a variety of promotional efforts, including a number of industry-organized, Commerce Department-approved trade missions which are scheduled to visit various countries of the region.

Commercial exhibit participation last year included a solo exhibition of industrial machinery in Seoul, where the Korean show broke all sales records for floor orders made during a U.S. commercial exhibition abroad. For 1970 several participations have been held or scheduled for Japan, as well as a solo exhibition in Taiwan toward the end of the year. A major event is the June 29 opening of the U.S. Trade Center in Sydney, which joins the existing Far Eastern Centers in Tokyo and Bangkok as permanent showcases in the region for American products.

Australia

Import competition is keen in buoyant market; brisk pace likely to continue

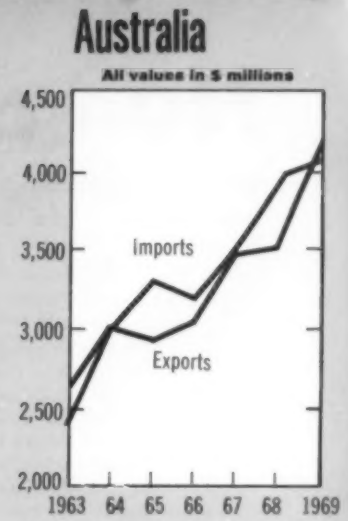
By DEANE M. BLACK
Far Eastern Division, BIC

Imports 1969

Total ..... $4,058 million
From U.S. ... $1,016 million
U.S. share 25.1%

Exports 1969

Total ..... $4,217 million
To U.S. ..... $582 million
U.S. share 13.8%



U.S. exports to Australia in 1970 should record some increase over 1969 based on the extremely buoyant state of the Australian economy. Because of the moderation in the level of total Australian imports in recent months, however, and the severe competition which U.S. goods are encountering in the Australian market, any increase in U.S. exports in 1970 is likely to be moderate.

Internally, the strong expansion in activity and demand is tempered somewhat by pressures which are developing on several fronts. Along with the high demand for labor, wages have continued to rise. How effective economic controls have been in checking expansion cannot be determined yet.

Business activity, in the meantime, is running at a high level and prospects are that buoyant conditions, characterized by a high rate of growth of real GNP—projected at 6½% this fiscal year—will continue. The general business outlook is good, and movements in the Consumer Price Index have remained reasonably steady at about 3% a year. New capital expenditure by private business during the first three months of 1970 was 20.6% higher than expenditure in the same quarter of 1969.

Trade picture bright

Australian exports continue to rise more rapidly than imports. In the first seven months of this fiscal year, exports increased 24% over the same period of the year before while imports increased a little over 10%, resulting in a favorable trade balance of $148 million compared to a deficit of $178 million a year earlier. Considering the strong expansion in internal activity and demand, the import level has been quite moderate.

Australian imports were valued at $4.1 billion in calendar 1969, a rise of slightly over 5% from 1968. Imports from the United States fell from $1,032 million to $1,016 million, and the U.S. share of the market dropped from 26.4% to 25%. The Japanese share, at the same time, rose from 10.8% in 1968 to 12.5% in 1969, while the U.K. share increased from 22.1% to 22.9%.

Australian exports in 1969 were valued at $4.2 billion, an increase of 17% over 1968. Exports to the United States rose from $502 million to $582 million, and the U.S. share of Australia's export trade increased from 13.8% to 14.2%. Trade with Japan increased sharply and Japan's share rose from 22.7% to 25.2%. The declining importance of the United Kingdom as a market for Australian exports was reflected in the U.K. share which fell from 14.2% to 11.9%.

Prospects for minerals are even brighter than originally anticipated. The latest projection by the Department of National Development indicates that exports of metals and minerals will increase from the yearly figure of $851 million recorded for fiscal 1969 to $2.24 billion in fiscal 1977, an increase of about 12½% annually. The clear implication is that the mining industry will replace wool as Australia's leading export industry. The Department of National Development also estimated an annual reduction of $196 million in the nation's import bill between 1972-77 due to local production of oil.

The fall in capital inflow has caused some concern this fiscal year. Most of the decline can be attributed to a slowdown from the high levels of portfolio investment of fiscal 1968 and 1969, which had come mainly from the United Kingdom. Australian interest rates are now increasing, however, and with a narrowing of the gap between domestic rates and the higher foreign rates, investment in Australia should become more attractive and capital inflow should start to show an upward trend.

The fall in capital inflow, and its effect on the balance of payments, has been partly offset by the vastly improved export performance, but export growth has not been sufficient to prevent some rundown in gold and foreign exchange reserves. By February, the reserves had fallen some $289 million to just under $1 billion (not including IMF drawing rights) or three months' imports at 1969 levels.

Another area of concern in the balance of payments outlook has been transportation costs. Whether the predicted increase in exports will be sufficient to offset the loss in capital inflow and the higher costs of transportation remains to be seen, but there may be some further rundown in reserves in the next few months.

Sales prospects

Stimulated by mineral developments, and the growing importance of manufacturing in the Australian economy, the metal-working industry should continue to offer a good market for all kinds of metal-working equipment. Other product areas offering sales opportunities for U.S. exporters are materials handling equipment, food processing machinery, construction and mining machinery, and electronics equipment for industrial process control.

The U.S. Trade Center, opening in Sydney on June 29, will provide U.S. exporters with a local showcase for displaying their goods on a continuing basis. The selection of Australia as the site for the eighth U.S. Trade Center abroad points up again Australia's importance as a trading partner for the United States.

AUSTRALIA'S CHIEF IMPORTS FROM U.S.: road motor vehicles, aircraft and parts, construction and mining equipment, electric machinery, mechanical handling equipment, tobacco, paper and paperboard. AUSTRALIA'S CHIEF EXPORTS TO U.S.: meat, alumina, wool, sugar, lobsters, non-ferrous ores and concentrates, lead and zinc metal.

XUM

Hong Kong

Rapidly expanding economy offers market for wide variety of imports

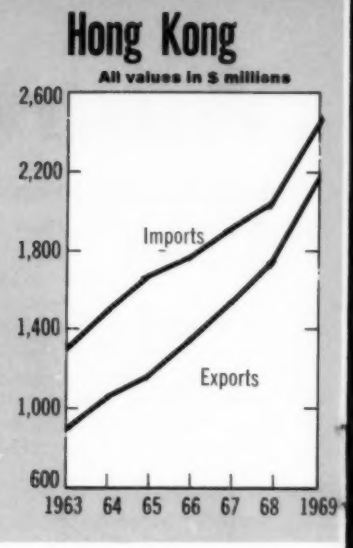
By JAMES R. JOHNSTON and
J. MICHAEL SPRINGMANN
Far Eastern Division, BIC

U.S. Imports 1969

Total ..... $2,441 million
From U.S. ..... $328 million
U.S. share 13.4%

U.S. Exports 1969

Total ..... $2,163 million
To U.S. ..... $760 million
U.S. share 35.1%



U.S. exports to Hong Kong are following the upward trend of 1969, when a 20% increase (according to U.S. Census data) was recorded, although the gain this year may be somewhat less. In 1970 the U.S. share of the Colony's imports is expected to be close to the 13-14% of the last several years.

With its heavy dependence on overseas sources of raw materials and equipment, Hong Kong will need an increasing volume of imports to sustain its current export boom. The Colony's economic vitality is expected to carry it through another record year, despite problems such as increasing wage rates, a growing labor shortage, and the possibility of further quota limitations on textile exports. Another factor is the condition of the American economy, which in 1969 took 42% of Hong Kong's domestic exports (excluding reexports).

The Hong Kong Government does not compile systematic national accounts data, and the most recent estimate of GNP is for 1968, when it was believed to be in the neighborhood of $2.72 billion, a real increase of 10% over 1967. While 1969 probably saw a continuation of this rate, the increase in 1970 may be somewhat more moderate.

Confidence rising

Business confidence in Hong Kong has been rising steadily since the low point which followed the Communist-inspired civil disturbances of 1967. A second stock exchange has been opened, and a modest construction boom is in progress. Bank deposits climbed nearly 19% last year, and loans and advances were up almost 31%. A significant indication of confidence in the Colony's future is the start of construction on a $45 million cross-harbor tunnel, scheduled for completion in 1972. It will be the world's first vehicular tunnel in which majority ownership is privately held. Private stockholders hold 75% in the venture and the Hong Kong Government 25%. Participating with the British engineering firm that is leading the project consortium is an American firm that specializes in the immersed-tube method of tunnel construction.

The general consumer price index for March was up 6% over March 1969, while wages appear to be rising at least as rapidly. With industrial employment up almost 11% during 1969, the tight labor situation is being reflected in high job turnover and demands for higher wages. It is assumed that Hong Kong businessmen, seeking to improve their advantage over competitors in countries like Taiwan and Korea, will concentrate on more sophisticated products and invest in more labor-saving machinery.

Imports up sharply

Hong Kong's total imports, valued at $2,046 million in 1968, exceeded $2,441 million in 1969, an increase of more than 19%. In 1969 the U.S. share of the Colony's imports was 13.4%, or $328 million, a rise of 16% in value but a slight slippage from the 13.8% market share of 1968. The United States is consistently the Colony's third largest supplier, after Japan and Mainland China.

The principal category imported into Hong Kong from the United States over the past several years has been components and parts for the Colony's booming electronics industry, which jumped 52% in 1969, to $73 million. Unset diamonds, the second largest item imported from the United States, increased by a third, to $42 million. Pharmaceuticals and textile products, including fabrics and better quality clothing, showed marked gains. Sales of air conditioners were up 62%, to $6 million. Lesser gains occurred in tobacco, kraft paper and paperboard, and EDP equipment. Imports of fresh fruits (mostly oranges) from the United states were up sharply to $15 million, but raw cotton and rice were far below former levels.

Increased office, hotel, and apartment construction will expand the market for air conditioning equipment. The emphasis Hong Kong manufacturers are giving to further upgrading the quality of their products suggests rising demand for testing and quality control equipment.

The Colony's purchases of U.S. consumer goods, which (like other products) may be imported freely, are expected to rise with the continued growth of local prosperity. The market for tourist-related items should be bright, as tourist arrivals in 1970 show a continuation of the sharp upswing that brought 765,000 civilian visitors to Hong Kong in 1969, a 24% increase over the previous year.

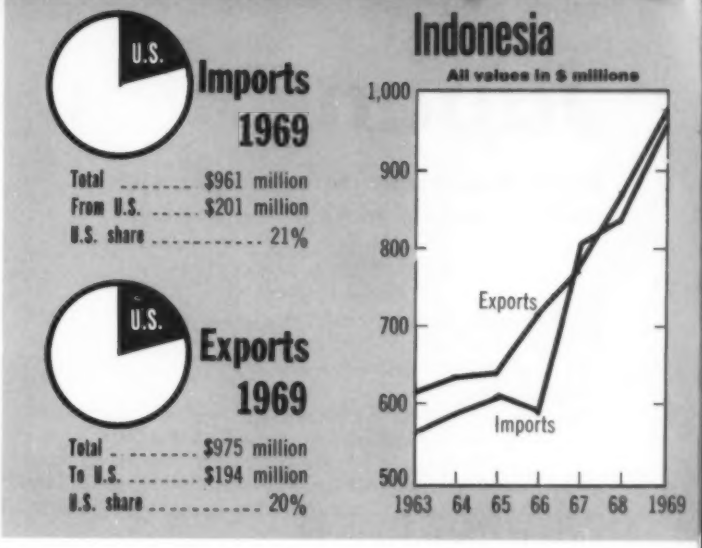
Hong Kong's growing importance as a regional marketing center is reflected in the increased number of American firms in the Colony during the past year, from around 400 to about 450. Nearly half of the total have regional responsibilities. Five more U.S. banks have opened representative offices in Hong Kong's sophisticated financial community, bringing the total number of U.S. licensed banks and representative offices to fourteen. Apparently even more U.S. firms would be opening regional offices in the Colony if it were not for the acute housing shortage, which has not yet been resolved by the brisk construction activity now under way.

HONG KONG'S CHIEF IMPORTS FROM U.S.: electronic components and parts, unset diamonds, fruits, raw cotton, pharmaceuticals, textile fabrics and clothing, nonelectric machinery, tobacco. HONG KONG'S CHIEF EXPORTS TO U.S.: clothing, toys, dolls, electronic components and subassemblies, transistor radios, wigs, plastic flowers, textiles.

Indonesia

Import levels continue upswing as development effort gains momentum

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC



The healthy upswing in U.S. exports to Indonesia is expected to continue in 1970 at a rate comparable to that achieved in 1969 when exports of $201 million were 20% above the 1968 level. Jan.-April exports from the U.S. of $79 million evidence this strong upward trend, which is expected to last for the balance of the year.

Well over half of these exports will continue to be financed by U.S. aid programs, which will consist of more project aid in 1970, in addition to the PL-480 program and other commodity assistance. However, non-aid exports, which amounted to about $64 million in 1969, a 28% increase over the 1968 level, are expected to continue to rise at a rate higher than the overall trend. Major factors are the liberalizations made by Indonesia in trade and credit regulations, the country's rising export earnings, and the step-up in implementing U.S. investment projects.

Indonesia's recent agreement with Western creditors on long-term rescheduling of the $2.1 billion "Sukarno debt"—debt incurred prior to mid-1966—also improves the trade outlook.

For the 15-month period ending March 1971, the ten-nation International Governmental Group for Indonesia (IGGI), which also includes some international organizations, has agreed to provide $600 million in soft-term loans and grants. Food aid will total about $140 million and non-food aid about $460 million, of which project assistance will comprise $260 million. While the total aid planned is close to the commitment rate of last year, a rise in disbursement is anticipated. Pipeline aid at the end of 1969 totaled $389 million, compared to $162 million at the end of 1968. The U.S. share of the $600 million total may approximate $230 million, somewhat more than half in non-food aid.

The most notable achievement of 1969 was the restoration of price stability and confidence in the rupiah. With inflation under control, Indonesian planners are now able to focus increasingly on development. The five-year development program (April 1969-March 1974) calls for a 5% annual increase in GNP, or a per capita growth rate of 2.5%. Estimates of GNP in 1969 vary widely—from $10 to $12 billion.

Aggregate output grew modestly in 1969, with an increase in agricultural production and mineral output (especially oil and tin) and higher production of textiles. Exports—led by increases in oil and rubber—grew by 12% from $872 million in 1968 to $975 million in 1969.

Reflecting output increases and an improved economic outlook, imports expanded by 16% in 1969 to $961 million (f.o.b.), with investment goods and raw materials comprising a larger share. However, the reduced trade surplus and a rise in service payments increased the current account deficit in 1969 to $358 million, financed mainly by a $315 million drawdown on foreign loans and grants. Net official reserves declined by $20 million and are still negative.

Capital inflow for investment in 1969 was only $23 million, but is expected to rise sharply as major approved projects are implemented. As of March 31 those in non-oil areas totaled 210 valued at $1.1 billion, of which 36 valued at $323 million were U.S.; production-sharing contracts in petroleum totaled 33, valued at $371 million, well over half with U.S. firms.

In 1970/71 (year ending March 1971) gross exports are projected at $1,113 million and imports at $1,159 million.

Indonesian budgets have been balanced since 1967. Foreign aid programs and foreign project loans are providing substantial budget support, and along with better tax collection and increased taxes from higher corporation profits, particularly in oil and from expanding trade, now enable Indonesia to anticipate receipts of Rp. 445 billion in 1970/71 (about $1.2 billion) and to use well over a third of these for development.

INDONESIA'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, cotton yarn, raw cotton, wheat flour, aircraft, trucks. INDONESIA'S CHIEF EXPORTS TO U.S.: crude petroleum, rubber, coffee, pepper and other spices, tea, palm oil.

U.S. took second place

The United States was Indonesia's second largest supplier in 1969, with exports valued at $201 million compared to Japan's exports of $236 million (trading partner data). U.S. exports were mainly: items financed largely by PL-480 loans—rice ($58 million), cotton and cotton yarn ($38 million), and bulgur and wheat flour ($19 million); and machinery and transport equipment which jumped from $43 million in 1968 to $55 million in 1969 through larger exports of trucks and aircraft. Machinery exports were around $30 million in both years.

U.S. imports from Indonesia totaled $194 million in 1969 and were mainly rubber and crude petroleum (about $65 million each), coffee, and spices.

The U.S. market share of both imports and exports was about 20%.

U.S. sales opportunities continue to be best in transportation equipment, construction and mining machinery, power equipment, agricultural chemicals, iron and steel, paper and pharmaceuticals.

In April Indonesia made extensive trade and exchange reforms and adopted a single fluctuating exchange rate, initially set at Rp. 378 per U.S. dollar, except for a preferential rate of Rp. 326 for imports under foreign aid program loans. These moves create a freer trading climate and also give the Government greater control over foreign exchange receipts by requiring exporters to surrender all export proceeds. Also, easier credit is available to finance trade transactions.

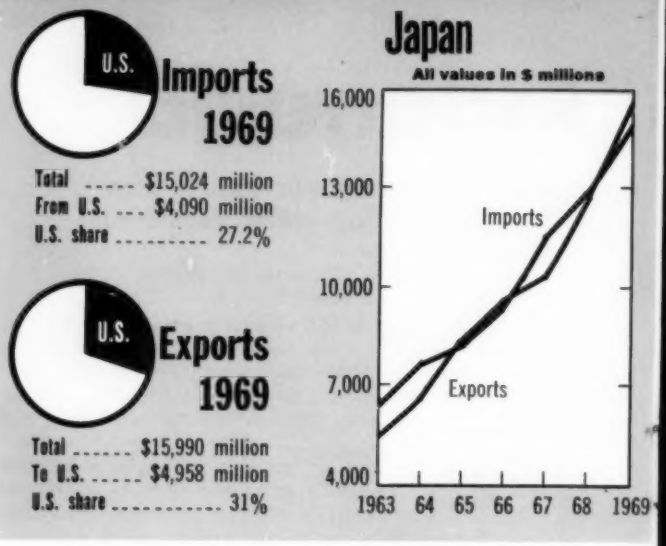
Japan

Boom moves into fifth straight year, creating strong market for imports

By TATSUO A. MIYAKAWA
Far Eastern Division, BIC

U.S. exports to Japan, which reached a record $3.5 billion in 1969 (U.S. f.o.b. data), should show further substantial growth in 1970 and establish a new high by surpassing the $4 billion mark.

Current Japanese economic indicators, with some exceptions, point to the continuation of boom conditions into the fifth year —a boom characterized by strong domestic and international demand for both industrial and consumer goods, some slowdown of the past heavy investments in plant and equipment, and increased imports of raw materials, capital equipment and consumer items.



In spite of the economy's extraordinarily rapid growth, Japan's foreign exchange earnings are rising rapidly and its balance of payments position is extremely favorable. Japan's exports (f.o.b.) in 1969 totaled $15,990 million, or 23.3% larger than in 1968, while total imports (c.i.f.) rose to $15,024 million, up 15.7%. Calendar 1969 results showed a favorable trade balance on an f.o.b. payments basis of $3,752 million, and an overall balance of payments surplus of $2,383 million. Reserves increased to $3,496 million by year-end, and were $3,923 million at the end of April.

Rapid growth continues

Real gross national product, which grew an estimated 13.2% to $173.8 billion in fiscal 1969 (ended March 31, 1970), is expected to continue its rapid growth and exceed $200 billion in fiscal 1970 for an increase of nearly 11.5%.

The effort of maintaining this extremely rapid growth is beginning to have its effect. The export price index, reflecting Japan's international industrial competitiveness, rose 6.2% in fiscal 1969, of which 3.7% occurred during the second half of the year. Domestic demand remains brisk, as indicated by the continued rise of wholesale and consumer price indexes. While production, consumer spending, and exports remain strong, the fiscal 1970 capital spending plans of major manufacturing firms show only a 13%-15% gain over fiscal 1969, or approximately half the 1969 rate. The slowdown is blamed on the credit squeeze maintained by the Bank of Japan since September.

Total Japanese imports in 1969 increased nearly 16%, while imports from the United States—after an extremely slow start due to the U.S. dock strike—rose rapidly thereafter to total $4,090 million and match Japan's overall rate of increase in imports. Consequently, the U.S. share, which had been falling steadily from 36% in 1961, remained at 27.2% for the second consecutive year. Japan, however, enjoyed a favorable balance of nearly $1.4 billion (U.S. f.o.b. data) in its trade with the United States.

Leading U.S. exports to Japan include machinery, such industrial materials as chemicals and coal, and agricultural and forestry products including logs and lumber, soybeans, and corn. U.S. exports of machinery to Japan continue to rise more rapidly than overall exports. In 1969 such exports exceeded $638 million, for an increase of 25% over 1968 (overall U.S. exports to Japan rose 18% in 1969).

Trade, investment controls

Since October Japan has removed 20 four-digit Brussels Tariff Nomenclature (BTN) categories from its Import Quota (IQ) list, thereby reducing to 98 the number of such categories subject to quota restrictions which Japan recognizes are inconsistent with its obligations under the General Agreement on Tariffs and Trade (GATT). Japan has announced it will reduce the IQ list by another 38 categories by the end of 1971 (INTERNATIONAL COMMERCE, April 6). In addition, effective May 18, Japan suspended the requirement that importers deposit 1% of the value of imported goods with an authorized foreign exchange bank at the time the import license is issued. The Japanese Government has also decided to seek parliamentary approval of an acceleration of the final stage of GATT Kennedy Round tariff reductions from Jan. 1, 1972 to Jan. 1 or Apr. 1, 1971.

The third stage of Japan's foreign investment liberalization program is expected to be announced in July, effective from September, and will include more than 200 additional industries or segments of industries. Following the usual practice of the Japanese Government, however, which exercises stringent controls on foreign investment in manufacturing, investment in the majority of the industries to be liberalized will continue to be limited to a maximum of 50% foreign equity.

JAPAN'S CHIEF IMPORTS FROM U.S.: logs, coal, industrial machinery, soybeans, corn, ferrous scrap, aircraft and engines, wheat, sorghum. **JAPAN'S CHIEF EXPORTS TO U.S.:** iron and steel products, passenger cars, TV sets and radios, clothing, tape recorders and players, industrial machinery, motorcycles, pottery.

Best U.S. sales prospects

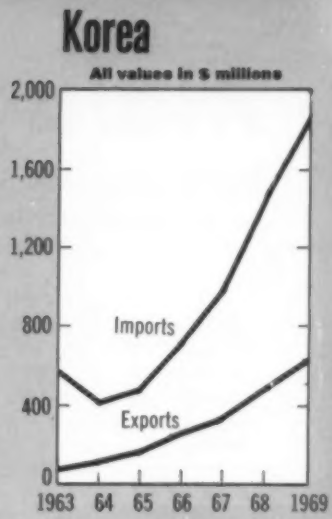
Although many product areas offer high U.S. export potential, the following appear to be the most promising: chemical processing equipment; industrial controls; packaging machinery and equipment; business machines, particularly "systems" machines embodying multiple functions; electronic equipment, especially large-size digital computers and software; some metalworking machinery; transportation production equipment; selected chemicals and pharmaceuticals.

For the remainder of 1970, the Department of Commerce has scheduled or is considering shows in the U.S. Trade Center in Tokyo featuring Metal Processing Equipment and Advanced Fluid Power and Fluidics Equipment.

Korea

U.S. exports, up by record 37% in 1969, expected to decline moderately this year

By RICHARD C. DEVINE
Far Eastern Division, BIC



Total U.S. exports to Korea—which expanded by 37% to reach a record high of $699 million in 1969 (based on U.S. Census data)—are expected to decline moderately in 1970, but will nevertheless be substantially above the 1968 level.

Largely responsible for the high-water mark set in 1969 were unusually large shipments of military aid goods and PL-480 food grains. These important components of U.S. exports to Korea will more nearly approach normal levels in 1970; and although commercial exports are expected to continue to increase, this growth will probably not be great enough to completely compensate for the decline in military and PL-480 shipments.

Gross National Product (GNP) reached $7 billion in 1969, an exceptional increase of 15.5% in real terms over 1968, but the Korean Government envisages some cooling off in 1970 with a projected real growth rate of 10%.

Industrial output up

Korea's rapid development, to a great extent, has been attributable to the successful promotion of industrialization and exports. The manufacturing sector, which has been playing a leading role in recent economic expansion, grew in real terms by 22.5% in 1969, and the Korean Government is taking steps to maintain its growth.

Construction of the integrated steel mill at Pohang has started. The mill will be able to produce one million metric tons of crude steel annually when completed in mid-1973. Japanese Government grants and loans are providing $123 million to cover foreign exchange costs.

The petrochemical industry is also expected to make great strides this year with construction of ten plants scheduled to begin. Included are a joint venture between Dow Chemical and Chungju Fertilizer Corp. for polyethylene and vinylchloride plants, and a joint venture between Chungju and Skelly Oil Corp. for an acrylonitrile plant.

Korean exports, at $623 million in 1969, were at an all-time high, increasing 36.7% over the previous year. This expansion was achieved despite a 23% rise in wage levels, increasing domestic consumer demand, and continued inflationary pressures. Exports registering the largest growth were clothing, wood manufactures, textile products, and electric machinery.

Imports also set a new record in 1969, with a total of $1,823 million (c.i.f.). This represented an increase of 24.7%, about one-half the growth rate in 1968, and the rate of increase in 1970 is expected to continue to decline. Almost one-third of imports comprised machinery and transportation equipment. The import of cereals, principally wheat and rice, and logs and textile fiber raw materials continued to expand.

Although European suppliers are showing increasing interest, the principal competition for the United States is Japan, which in 1969 accounted for 41% of the overall Korean import market. The U.S. share (exclusive of military shipments) was 29%, a drop of 2 percentage points from the previous year.

In the competitive area of imports financed with Korean Government-owned foreign exchange (KFX), which accounted for 58% of total imports last year, the contrast was greater. The U.S. share of KFX imports was about 19%, down slightly from the previous year, while Japan's share was 44%. With the phasing out of U.S. economic assistance, commercial credits and KFX will be the primary sources of funds to cover Korea's future import requirements.

Recent market research indicates that promising U.S. sales items in Korea include construction and mining machinery and equipment; electronics and telecommunication products; office machinery and equipment; mechanical handling equipment; electric power machinery; air conditioners, refrigeration, and freezing equipment; scientific, control, testing, and measuring apparatus; pumps, centrifuges, compressors, taps, and valves; plastics processing equipment; pharmaceutical products and medical equipment.

KOREA'S CHIEF IMPORTS FROM U.S.: wheat grain and flour, rice, nonelectric machinery, electrical machinery, raw cotton, chemicals, iron and steel scrap, wood pulp. KOREA'S CHIEF EXPORTS TO U.S.: clothing, plywood, wigs, electronic products, textile fabrics, footwear, raw silk.

$1 billion trade deficit

Korea had an unfavorable trade balance of approximately $1 billion in 1969. However, the sum total of invisible earnings (largely sales of goods and services to U.S. Forces in Korea and remittances from Koreans abroad) and other transfer payments —plus net receipts of nearly $660 million in capital transactions—resulted in a surplus of $162 million in the overall balance of payments, bringing Korea's foreign exchange holdings to $550 million at year's end.

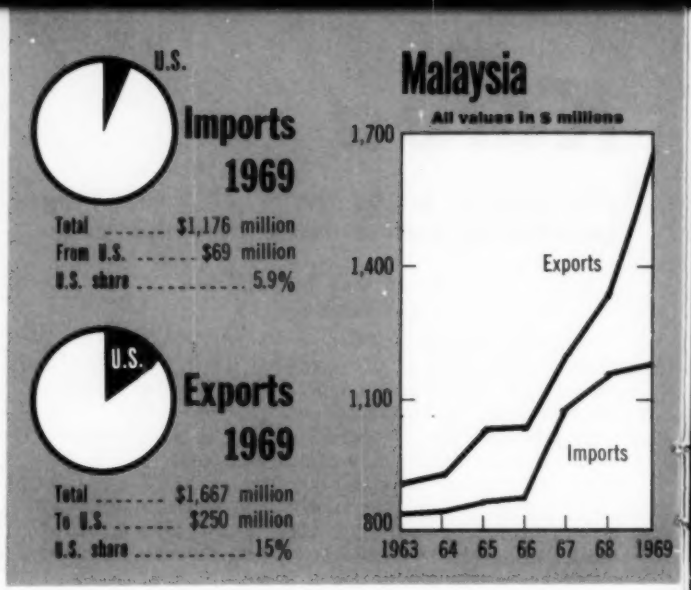
In 1969 nearly $14 million in foreign equity investments were approved by the Korean Government, an 18% rise from the previous year. By Mar. 31, investments by U.S. firms of $72.8 million had been approved since 1962. As a percent of the cumulative total, this represented a drop to 53.8% from 70% as of the end of 1968, mainly due to the activity of Japanese and Koreans resident in Japan. Foreign equity investments and loans are coming under closer government scrutiny, and more generous terms are being requested as Korea's foreign debt on a contracted basis now exceeds $2 billion and debt service is a concern. In general, however, the Korean investment climate remains favorable.

XUM

Malaysia

Strong payments position, resilience of economy promise good import market

By JOHN E. WALSH
Far Eastern Division, BIC



Total Malaysian imports are expected to rise in 1970, and U.S. sales, which were off marginally in 1969, should recover significantly.

Despite the racial disturbances in May 1969, Malaysia's economy grew during the year and developed a buoyant export situation which resulted in an increasingly strong balance of payments position. This was conditioned mainly by a sharp rise (about 18%) in the realized value of exports of goods and services and, to a lesser extent, by increases in both government and private consumption, and gross capital formation by the public sector. Malaysia's four leading exports all registered sizable increases in value, with rubber—the major export—up by nearly 50%.

In the face of a slight turndown in the level of imports and some timidity on the part of potential new investors following the 1969 disturbances, the Malaysian market and investment climate nevertheless continue to be generally attractive and are expected to become even more so.

Malaysia's gross national product at current market prices increased in 1969 by 8.6% to approximately $3.69 billion. Money supply continued to expand, reaching $653 million at year-end for a further 13% increase. Gold and foreign exchange reserves increased 27%, as contrasted with a slight drawdown in 1968. And the country's consumer price index declined a percentage point.

According to preliminary statistics for West Malaysia (figures for East Malaysia are still not available), 1969 exports amounted to $1,667 million and imports totaled $1,176 million, increases of a substantial 24% on the export side but only 1.3% on the import side.

These statistics show the United States supplying $69 million, or 6% of total imports, and taking $250 million, or 15% of exports. The United States was Malaysia's leading customer among the industrial countries, and ranked fifth among suppliers.

Based on U.S. Census data for the first four months of 1970, U.S. imports from Malaysia (predominantly tin and rubber) amounted to $97 million, or 7% off the comparable 1969 figure.

U.S. exports to Malaysia in the same period amounted to better than $20 million, a substantial increase over the comparable 1969 figure (which, to a large extent, had been adversely affected by the U.S. dock strike early in that year). The U.S. exports to Malaysia in 1969 had registered a 3% decline. Major items of U.S. sales were leaf tobacco and cigarettes, agricultural tractors, aircraft, cooling equipment, and paper and paperboard products.

It now appears that last year's civil disturbances affected investment spending across the board somewhat more deeply than had first been suspected. It is conservatively estimated that private investment in 1969 declined by roughly 4.5% from the preceding year's level, compared with an expected 8% increase; and that public investment increased by less than 3% as against an expected 13-15% increase.

Investors regain confidence

Evidence of recovery of confidence is now noticeable, with investment activity again picking up momentum. A major U.S. company which has received oil exploration rights to an area off Malaysia's west coast will soon be getting operations underway.

American investments in Malaysia are unofficially estimated at about $70-80 million, mainly in the oil industry, plus rubber and tin facilities in West Malaysia and forest product facilities in East Malaysia.

Matters of continuing grave economic concern include the problems of inequitable income distribution and the sensitivity of Malaysian raw materials to changing world market prices. The considerable drop in the price of rubber since March, for instance, may require further midstream modifications in development plans.

Since sales to the Malaysian marketplace are relatively uninhibited by restrictions or preferences, suppliers of goods and services are in a position to give undivided attention to market development. Potential investors face primarily the task of ferreting out upcoming projects and developing investment opportunities in time to compete meaningfully for a piece of the business.

In line with the renewed emphasis on industrialization, priorities are to go to enterprises which utilize Malaysia's capacity to attract tourists.

Substantial sales and investment opportunities should be arising from agricultural development programs in both the public and private sectors. Expansion and modernization in the oil palm planting industry, for example, is creating new demands for construction of processing facilities and for various types of extractive and processing machinery. Similarly, large government-operated irrigation and drainage projects for double-cropping rice have stimulated demand for farm machinery, storage and drying facilities, fertilizers and pesticides. Air-conditioning equipment throughout the area is becoming more a matter of necessity than luxury. And particularly promising should be the demand for all items useful in support of the area's offshore petroleum exploration activities.

MALAYSIA'S CHIEF IMPORTS FROM U.S.: tobacco and manufactures, agricultural tractors, aircraft, cooling equipment, paper and paperboard, motor vehicle parts, organic chemicals, telecommunications apparatus and parts. MALAYSIA'S CHIEF EXPORTS TO U.S.: crude rubber, tin, hardwood lumber, plywood, fish, palm oil, clothing and accessories, canned pineapple.

New Zealand

Further removal of import restrictions brightens outlook in growing market

By DEANE M. BLACK
Far Eastern Division, BIC

The outlook for increasing U.S. exports to New Zealand is good. Economic conditions internally are favorable and New Zealand's balance of trade continues in surplus. The further removal of import licensing restrictions on July 1—which will raise to 68% the proportion of New Zealand's imports that are free of controls also enhances the prospects for increasing U.S. sales there.

U.S. exports to New Zealand in the first four months of this year recorded an increase of 58% over the same period in 1969. Although this sharp increase points up that U.S. exports were at an unusually low level during the early months of 1969 because of the dock strike, indications are that there will be an increase in the overall level this year based on the import demand generated by the buoyancy in the New Zealand economy, and on the country's favorable trade position which has been improving for the last two years.

U.S. exports to New Zealand decreased 13%, from $114 million in 1968 to $99 million in 1969. This decline was largely attributable to the sharp drop in sales of commercial aircraft to New Zealand which resulted in an overall decrease.

During 1969, New Zealand almost completely recovered from the serious balance of payments crisis brought on by a sharp fall in the price of wool in 1967 and 1968. The Government's fiscal and monetary controls, together with devaluation in 1967 and substantial earnings from sales of meat, have brought the upswing in economic conditions. Sustained trading surpluses throughout 1969 further contributed to the favorable outlook for 1970.

Business confidence is high but not over-optimistic, for the Government has warned of the internal pressures which are emerging and which may adversely affect the situation at any time if they are not curtailed.

The GNP in fiscal 1969 (year ended March 1969) increased to $4.9 billion, a rise of about 2½% in real terms. Estimates are that real growth in fiscal 1970 was about 5%.

The internal pressures which are causing the greatest concern are the shortage of skilled laborers, rising wage rates, and price increases which are generating considerable cost increases in industry.

Imports into New Zealand in 1969 were valued at $941 million, an increase of 13% over the previous year although the U.S. share of the market remained stable at 12.1%. The U.K. share dropped slightly from 31.4% to 30.7%, while Australia's share increased from 20.2% to 19.5%.

New Zealand exports rose 17% to $1.2 billion in 1969. The most significant export growth was in meat, which increased some $81 million over 1968, and reflected higher prices received in the United States, the United Kingdom and Japan. Wool and butter exports also increased. The U.S. share of New Zealand's export trade fell nearly 3 percentage points to 15.9% while the U.K. share rose from 40.6% to 47.8%, and Japan's share increased slightly to 9%

New Zealand Government forecasts are for a continuation of the surplus trading position, and export earnings in the first four months of 1970 continued to grow at a greater rate than import payments. However, import demand is also growing, and Government predictions are for imports to continue at relatively high levels this year.

Although the United Kingdom is declining in importance both as a supplier and as a market for New Zealand products, it still consumes over 90% of New Zealand's butter exports, three-quarters of its meat, and a fifth of its wool. The prospect of a potential drop in this market, therefore, would be quite serious in the event of U.K. entry into the Common Market.

NEW ZEALAND'S CHIEF IMPORTS FROM U.S.: aircraft and parts, special industrial machinery, internal combustion engines, crude fertilizers, agricultural tractors, road motor vehicles, organic chemicals, telecommunications equipment, office machinery and parts. NEW ZEALAND'S CHIEF EXPORTS TO U.S.: meat, wool, sheepskins, shellfish, casein, dairy products, sausage casings.

Sales prospects good

New Zealand should continue to be an excellent market for U.S. goods, depending on its balance of payments position. Import liberalization provides new exporters with the opportunity to make sales in New Zealand, although competition is keen from third-country suppliers. The United Kingdom is making a real effort to regain its share of the market, and Japan and the Common Market countries are also very actively promoting their products.

The best prospects for increased sales appear to be in those areas associated with the recent mineral developments, and for those industries requiring labor-saving devices and more efficient materials-handling equipment.

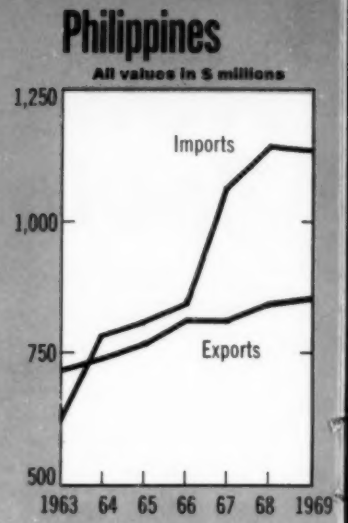
In attempting to diversify its export trade by expanding the manufacturing sector, the build-up and modernization of New Zealand's industrial plant should continue to generate a demand for such capital equipment as metal-working machinery, automatic process-control instrumentation, food processing and packaging machinery, and paper products machinery.

XUM

Philippines

Austerity measures dampen sales prospects for all major suppliers

By MAURICE KOGON
Far Eastern Division, BIC



The steady decline in U.S. exports to the Philippines, which began in earnest last year, has not yet abated. The prospect is for continued U.S. export losses in 1970. Unlike last year, however, other suppliers are now also meeting sales resistance. Thus, the U.S. market share, which fell sharply in 1969, should hold firmer this year.

The key factor accounting for last year's export decline was the Philippine ban on a wide range of unessential imports, including many supplied traditionally by the United States. This outright import ban, together with a series of import-inhibiting credit and exchange controls, were imposed in the latter half of 1969 for balance of payments purposes. Although imports from the United States suffered heavily, the effect of these measures on total imports was less than expected. Accordingly, with the payments imbalance worsening and substantial external debts falling due, dramatic new steps to reduce imports and save foreign exchange had to be taken in early 1970.

Most important of these steps was the Feb. 21 action freeing the peso and allowing it to float on the open market. Since then, the peso has depreciated roughly 50 to 60%, generally fluctuating in the 6 to 6.25 pesos per U.S. dollar range. At the same time, the Government also announced sharp cutbacks in domestic spending, put stiff limits on new domestic as well as foreign borrowing (including access to supplier credits), and imposed a variety of restrictions on outward dollar remittances (see INTERNATIONAL COMMERCE of Mar. 9 and Apr. 20).

Taken together, the higher import costs resulting from the peso devaluation, the stringent controls on spending and borrowing, and the continuing ban on imports of some 600 products, mainly consumer goods, should go far toward curbing total imports this year.

Presumably, these measures will also slow down economic growth, which in turn would further depress import demand. In 1969, real gross national product rose by an estimated 6.3%, due largely to 7% and 6.7% increases in the agricultural and mining sectors, respectively. Most other sectors, feeling the pinch of the tight credit, import and exchange controls in effect last year, were in the 4 to 6% growth range, while construction declined by 5.3%

For the past four years (1966-69), real GNP has increased by an annual average rate of 6.3%, well above the average 5.1% growth of the preceding four years. Much of this recent growth, however, stemmed from policies of easy credit, deficit-spending and heavy external borrowing pursued in the 1966-67 period. These policies, in turn, contributed to the inflationary pressures, heavy debt-service burden, and substantial budgetary and balance of payments deficits now plaguing the economy. In fact, it was as much to stabilize the domestic economy, as to restore balance of payments equilibrium, that the Government embarked on its courageous austerity program earlier this year, even at the probable cost of a lower economic growth rate in the short run.

Restraints not effective

In 1969, with economic growth continuing at a fairly high level and money supply expanding by 22%, the Government's import restraint efforts were not fully effective. Total imports declined by only 1.6%, to $1,132 million, while exports rose by less than 1%, to $855 million, leaving a substantial $277 million trade deficit. On the other hand, imports from the United States dropped sharply (−16%), from $372 million in 1968 to $320 million in 1969. Accordingly, the U.S. share of the market fell from 32.3% to 28.3%, the lowest since the Philippines became independent in 1946.

PHILIPPINES' CHIEF IMPORTS FROM U.S.: road motor vehicles, wheat, raw cotton, paper and paperboard products, pharmaceuticals, power generating machinery, mining and construction equipment, communications equipment. PHILIPPINES' CHIEF EXPORTS TO U.S.: sugar, coconut oil, copra, plywood and veneer, copper ores and concentrates, coconuts, canned pineapple, tobacco.

Principal beneficiaries

The principal beneficiaries of the U.S. decline were Japan and West Germany. Imports from Japan rose by 3% to $337 million in 1969, enabling Japan to supplant the United States for the first time as the Philippines' chief supplier. Imports from Germany, the third leading supplier, rose at a much faster 14% pace, to $86 million, but were still considerably below those from Japan and the United States. Although U.S. suppliers were relatively harder hit by the wide-ranging import ban, their weak performance in 1969 can also be attributed in part to competitive factors, particularly credit competition.

With the recent devaluation, however, and especially in view of the new restrictions on supplier credits, all suppliers will tend to be equally disadvantaged this year. Thus, while U.S. exports will decline, so too should exports from Japan and Germany, in which case the U.S. market share should hold relatively steady.

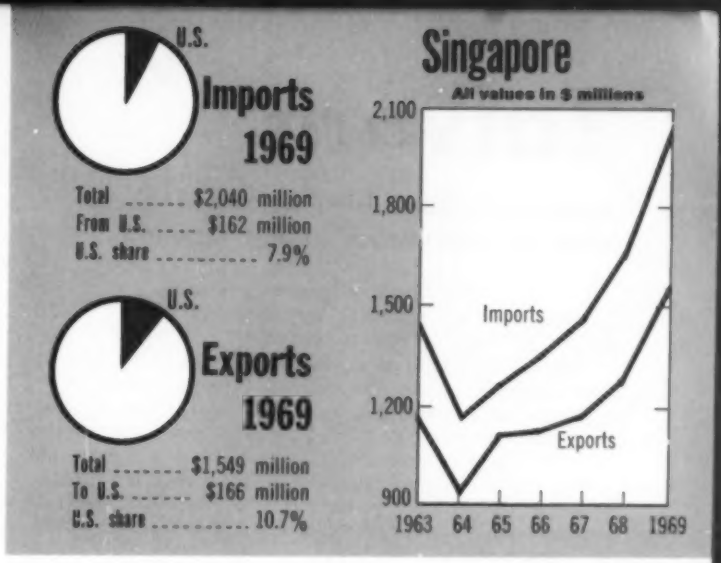
U.S. data for the first four months of 1970 show U.S. exports at $119 million, down 9.2% from 1969.

Despite the discouraging outlook overall, promising opportunities should develop for sales to the agribusiness and mining sectors of the economy. Best prospects for U.S. suppliers will be for grain storage and handling equipment; farm machinery; food processing machinery; livestock, dairy and poultry processing equipment; irrigation equipment; and mining and mineral processing machinery.

Singapore

Continued economic expansion indicates enlarged markets for imported products

By JOHN E. WALSH
Far Eastern Division, BIC



Singapore's purchases of U.S. goods, which increased sharply in 1969, are expected to continue to rise substantially throughout 1970 in step with the area's overall trade increase.

Factors underlying Singapore's current economic boom—a rapid growth in entrepot trade and shipping, acceleration of domestic exports, a huge growth in the influx of tourists-businessmen, and a considerable increase in private investment, domestic as well as foreign—continued to provide a very attractive market for U.S. goods, services and investments.

Preliminary figures for 1969 have all major economic indicators pointed upward. Government revenue increased by a healthy rate of 16%. Gross domestic product, at factor cost, grew 13.5% to an estimated $1,611 million. Cargo tonnage handled in port was up a further 6%, with additional expansion of containerization facilities under way to solidify Singapore's current position as the world's fourth-ranking port.

Government external reserves were up 26%. While currency in circulation at the close of 1969 was up over 24%, expansion of credit and government spending was only moderate and wages remained more or less stable. Accordingly, no strong inflationary pressures were felt by the consumer price index, which remained practically unchanged.

U.S. sales to Singapore during 1969 experienced one of the largest relative increases in the Far East, while expanding the U.S. share of Singapore's $2 billion plus market by better than a full percentage point. This participation, however, still remains small, accounting for only 7.9% of the market.

Singapore's preliminary official trade data for 1969 (which still exclude statistics covering its sizable and growing trade with Indonesia) show exports amounting to $1,549 million and imports of $2,040 million. The United States supplied $162 million, or nearly 8%, of Singapore's import market, and took $166 million, or 11%, of exports. These figures compare favorably with U.S. participation in 1968 of $116 million and $110 million, respectively, and represents a 40% increase in the level of Singapore's purchases and a 50% increase in Singapore's sales.

According to U.S. Census data, imports from Singapore in the first four months of 1970 were valued at $25.1 million, more than double the figure for the comparable 1969 period.

U.S. exports to Singapore during the same period amounted to $72.5 million, a large jump over the comparable 1969 period. This increase is partially explained by the U.S. dock strike which held up shipping in early 1969.

Recent investment funds have gone largely into new manufacturing industries, shipbuilding and repair facilities, and hotel construction. The greater-than-expected success in Singapore's drive toward industrialization can be attributed to a number of specific factors: the current oil exploration boom in the Southeast Asia region; recent labor legislation promising greater continued wage stability and improved position of employers; government inducements such as investment incentives, sound fiscal management, and efficiency in business transaction.

Also to be noted is the investment lead taken by well-known U.S. firms in setting up manufacturing facilities, particularly in electronic subassembly operations and in various facilities to explore and develop petroleum resources in the region. During 1969 at least 20 large U.S. companies announced plans to invest upwards of $100 million in further manufacturing and/or distribution facilities. Completion of these projects over the next several years will bring estimated U.S. private investment in Singapore to more than $175 million (book value), with a conservative additional $25 million in proposed industrial commitments still in the pipeline.

Singapore's officials have cautioned that the next two or three years may not be as productive as recent years because of an anticipated reduction in the expansion of world trade generally.

Nevertheless, the coming year could well prove to be even better for American suppliers. As the industrial base broadens, the Singapore marketplace should become more and more interesting to American manufacturers of machinery of many types. The local construction industry could also provide an increasingly lucrative market for American goods and services. The fact that more local factories will be concentrating on production for export sales to countries in the region and beyond should be kept in mind when assessing potential sales to Singapore.

In addition to the historic composition of U.S. shipments to Singapore, increasing opportunities should develop in products not previously exported by Americans in significant quantities, such as specialty equipment for hotel furnishings, restaurants and recreational facilities; food and drink dispensing machines; sports equipment; leisure wear; and house furnishings, appliances, and accessories. The sales potential of American goods with the growing number of American civilian employees and their families in Singapore and the rest of Southeast Asia should also receive more attention.

SINGAPORE'S CHIEF IMPORTS FROM U.S.: aircraft, electronic components, motor vehicle parts, construction and mining machinery, nonelectrical power generating machinery, agricultural machinery, cooling equipment, tobacco, mechanical handling equipment, telecommunications equipment. **SINGAPORE'S CHIEF EXPORTS TO U.S.:** crude rubber, clothing and accessories, transistors and semiconductors, plywood and veneer, canned pineapple.

XUM

Taiwan

Industrialization drive at record pace, creating substantial import openings

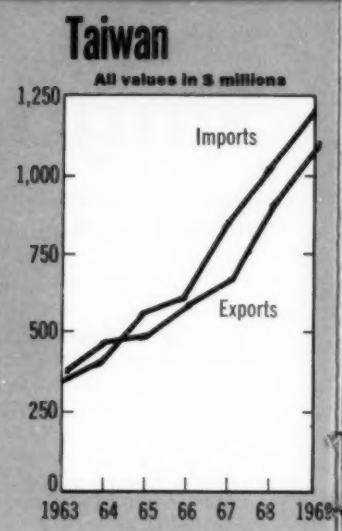
By JAMES R. JOHNSTON and
J. MICHAEL SPRINGMANN
Far Eastern Division, BIC

U.S. Imports 1969

Total ..... $1,205 million
From U.S. .... $333 million
U.S. share 27.6%

U.S. Exports 1969

Total ..... $1,111 million
To U.S. ..... $398 million
U.S. share 35.8%



U.S. exports to Taiwan should increase substantially in 1970 as Taiwan continues its extraordinary economic growth.

Because of increased domestic savings, a continued high rate of capital formation, a sustained inflow of conventional international loans and investments, improved crop prospects, and a flourishing export sector, the economy is expected to grow vigorously. Growth will be accompanied by greater imports of raw materials and equipment, for which Taiwan relies heavily on overseas sources.

Taiwan's GNP in 1969 grew at a real rate of about 10%, substantially higher than the 7% growth rate established in the current national economic development plan. GNP reached $4.8 billion, or $330 per capita. Even better performance is predicted for 1970, which may register a real increase in the range of 11-13%.

Attractive investment site

Confidence continues high in Taiwan's business climate. Although specific figures are not available on the current volume of private capital inflow, available evidence suggests that the level is higher than ever. The attractiveness of Taiwan as a place to invest is reflected in the rapid disposal of the 50 sites in the island's second export processing zone, which was recently completed near Taichung. A third such zone now offers 200 additional factory sites near the 126 factories currently operating in the four-year-old original zone at Kaohsiung.

The index of consumer prices rose from 118.3 in 1968 to 124.3 in 1969 (1962-64=100), for an increase of 5.1%. At the same time, the index of wholesale prices showed a slight decline, from 102.5 in 1968 to 102.3 in 1969 (1963-65=100). Wage rates at all levels have moved upward in recent months and shortages have appeared in skilled labor. Increasing difficulty is encountered in filling lower and middle management positions.

The surge in Taiwan's foreign trade shows every sign of continuing. Imports in 1969 (Central Bank foreign exchange statistics) were $1.2 billion, up 17.4% from 1968. Purchases from the United States, valued at $333 million, were up by 9.1%, but the 27.6% U.S. share of the market was down slightly from the 29.8% recorded in 1968.

Taiwan's exports jumped to $1,111 million in 1969 from $842 million in 1968, for a gain of 31.9%. Of this total, $398 million went to the United States, a 42.3% increase over the previous year.

Imports of American goods are facing strong competition in a number of fields, notably among basic manufactures such as iron and steel goods and chemicals, but U.S. sales have registered increases in certain other items such as aircraft, ships for scrap, machinery, and electronic and electrical equipment.

Good prospects for improved export sales to Taiwan are seen in electric power generation and transmission equipment; machinery and equipment for the food processing, textile, chemical, metalworking, plastics and construction industries; electronic parts and components; and scientific, industrial and technical instruments. Emphasis on investment in infrastructure under the Fifth Four-Year Plan (1969-72) will mean substantially greater imports of heavy capital equipment.

Taiwan's gold and foreign exchange reserves increased by over 23% in 1969 to $503 million, sufficient to cover five months' imports at the 1969 level. Official private capital inflows in 1970, together with anticipated continued growth in exports, will further strengthen Taiwan's already favorable reserve position. Indications are that Taiwan nevertheless wishes to maintain its longstanding system of strict foreign exchange controls.

TAIWAN'S CHIEF IMPORTS FROM U.S.: cotton, wheat, soybeans, electrical machinery, aircraft, non-electrical machinery, petroleum, chemicals. TAIWAN'S CHIEF EXPORTS TO U.S.: clothing, radio and TV sets and components, canned and preserved fruits and vegetables, footwear, plywood, sugar, plastic manufactures.

A U.S. solo commercial exhibition, featuring Equipment for Industry and Business, will display selected industrial machinery and equipment in Taipei Nov. 30-Dec. 5.

The Commerce Department show will include equipment for the metalworking, food processing and packaging, construction, and plastics fabricating industries; testing, measuring, quality control, and laboratory instruments; and office equipment and computers. Exports of American machinery and equipment to Taiwan can be financed under credit extended by the U.S. Export-Import Bank for relending by local banks. Such credit has been available since the previous U.S. Industrial Machinery Exhibition in 1967, and will be available to help finance sales during the forthcoming show.

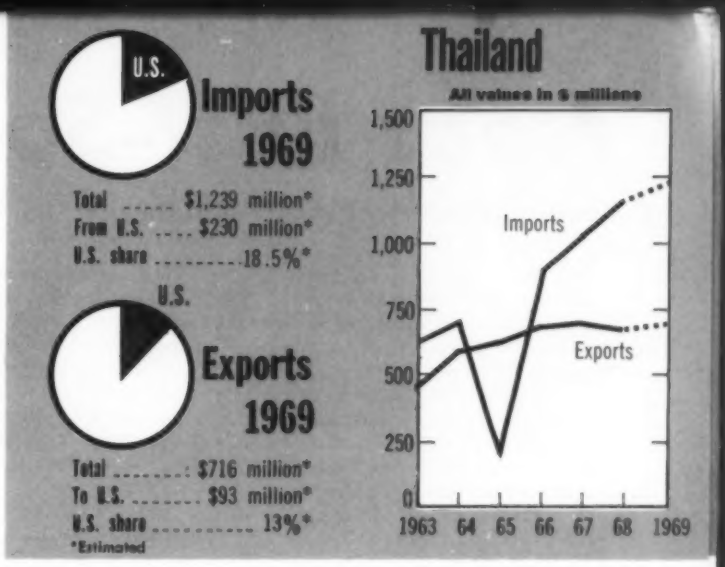
Foreign investment approvals by the Government of the Republic of China in 1969 amounted to $110 million, an increase of 6% over 1968, which had been 170% above 1967. U.S. enterprises have accounted for about 40% of total foreign investment approved since 1950, and are concentrated primarily in electronics, petrochemicals and pharmaceuticals.

The Chinese Government recently tightened its criteria for the approval of foreign investment in Taiwan. Under the new guidelines, foreign investment projects will be expected to produce (1) solely for foreign markets, or (2) for domestic as well as foreign markets if the item is not already being produced locally, or (3) for domestic and foreign markets if the item produced locally is substandard or in insufficient supply.

Thailand

Continued economic expansion likely, but import growth is expected to moderate

By JOHN N. RANDOLPH, Jr.
Far Eastern Division, BIC



U.S. sales to Thailand may be marginally off in 1970. The construction of a number of industrial facilities using American-made equipment has now been completed, as have many of the construction projects associated with the U.S. military presence.

Although the Thai economy is expected to continue its strong growth pattern in 1970, some leveling off in import purchases is forecast. However, Thailand will continue to provide a lucrative market for aggressive U.S. suppliers.

The most recent estimates place GNP growth in 1969 at a 9-10% rate in real terms, refuting earlier predictions of some decline in the economy's rate of expansion. Preliminary forecasts for 1970 are in the 6-7% range as Thailand moves toward the September 1971 climax of its Second Five-Year Plan (1967-71). GNP was estimated at $6.2 billion for 1969 and price increases averaged a moderate 3%.

The major problem facing Thai planners in 1970 is the severe trade deficit which exceeded $500 million in 1969 for the second consecutive year. Measures to correct the imbalance have been discussed in Bangkok. Various government leaders have advocated that some restrictions be imposed on the importation of non-essential or luxury items. On the other hand, the Thai realize that it is in their interest to maintain relatively free access for industrial machinery and necessary raw materials.

Payments deficit

The Thai balance of payments moved into deficit during 1969. With a trade deficit totaling $533 million and a surplus of $287 million in the non-merchandise sector, the net deficit on goods and services was $246 million. With the surplus on transfers and capital movements amounting to only $198 million, Thailand was forced to reduce its foreign exchange holdings in 1969 by $48 million. Gold and foreign exchange reserves were $850 million at the end of 1969.

With the magnitude of the trade deficit and the decline in expenditure by the U.S. military, Thailand's balance of payments position will most likely be unfavorable over the next few years. A further drawdown of $250-$300 million in foreign exchange reserves is possible over the next five years unless some remedial action is taken.

Foreign investment continues to flow into Thailand. Although there is no accurate gauge of total investment, estimates place U.S. investment in Thailand at about $125 million.

Despite the generally favorable investment climate, American investors face a few problems in Thailand. Thailand is one of six countries in the world without patent legislation. Another attempt to enact a patent bill will begin in July.

The quota on resident permits for U.S. citizens is 200 per annum. Those unable to obtain a resident permit are required to leave Thailand every 60-90 days and return once again under a non-immigrant visa. Also, the new Treaty of Amity and Economic Relations does not provide Americans with the right to purchase land in Thailand. Those firms which have been granted "promoted" industry status by the Thai Board of Investment are the only exceptions to these rules.

Total Thai exports grew by 8.8% to $716 million, according to preliminary data. Agricultural products provide over three-fourths of the value of exports.

Based on statistics through September 1969, Japan was the largest customer, purchasing 21% of Thai exports. The U.S. with 13% was next, followed by Hong Kong and Singapore with 8% each.

On the import side, purchases increased 7.8% to $1,249 million. For Jan.-Sept. 1969, Japan supplied 36% of the Thai market, followed by the United States (19%), West Germany (9%), and the United Kingdom (7%).

The U.S. share of the market was 18.6% for the full year according to statistics based on imports through the Port of Bangkok, which comprise about 98% of total imports. The value of these imports from the United States (which apparently include some shipments excluded from U.S. export data) was $229.5 million, a 6.5% increase over 1968.

U.S. exports to Thailand, based on U.S. census data, were $49.3 million in the first four months of 1970 (these figures exclude special category and other military-related shipments). Particularly strong gains were made in sales of raw tobacco, construction and mining machinery, air conditioning equipment, and mechanical handling equipment.

Efforts are currently underway to develop industry participation in the Agricultural Year Project at the U.S. Trade Center in Bangkok. Since 1962, the Trade Center has provided an excellent vehicle for American business to enter and expand its sales in the Thai market.

The Agricultural Year Project will include full-scale exhibits in Bangkok, sample displays, and participation in the Chiang Mai Winter Fair.

Other Trade Center activities tentatively scheduled for the coming year include a Building Materials Exhibition and Seminar in March 1971 and a Hospital and Medical Equipment and Supplies Exhibition in June 1971. The Center's facilities are also available to U.S. firms interested in single sponsor shows between regularly scheduled exhibitions.

THAILAND'S CHIEF IMPORTS FROM U.S.: tobacco, motor vehicles, heating and cooling machinery, raw cotton, telecommunications equipment, tractors, pumps. THAILAND'S CHIEF EXPORTS TO U.S.: tin, crude rubber, tapioca and cassava, kapok, shrimp, precious and semi-precious stones.

Near East-South Asia

Food shipments will bolster record sales; U.S. likely to remain top supplier in 1970

By JACKSON B. HEARN
Near East-South Asia Division, BIC

U.S. exports to the Near East-South Asia area in 1970 are expected to increase by nearly 10% over 1969 to an all-time high of well over $2.6 billion. Although commercial sales are not expected to exceed previous levels significantly and aid financing is on the decrease, very substantial PL-480 shipments are already scheduled and will account for most of the increase.

In South Asia, U.S. exports will be boosted from sales of PL-480 commodities to about $900 million (about 20% above the 1969 level). Commercial sales, on the other hand, are not likely to rise much above 1969 levels except in India, where pent-up demand for industrial materials and capital goods is leading to increasing purchases of these items. In the Near East, U.S. exports in 1970 are expected to reach the $1.7 billion level (about 5% over 1969). They should be sustained principally by a continuing growth in commercial sales and a slight increase in our already substantial Special Category exports.

The United States is more than likely to continue as the largest single supplier of this market in 1970. The U.S. share has been declining, however, both as a result of decreased aid financing and the intensified efforts by our competitors to capture a larger share of this expanding market.

A sharp increase in sales of PL-480 commodities, particularly to India, Pakistan, and Turkey, accounts for much of the expected export recovery in 1970. India's PL-480 foodgrain imports in 1969 were unusually low, but they are expected to be substantially higher in 1970 as buffer stocks are being built. The 1969 crop in West Pakistan was sufficient for local requirements in 1970, but adverse weather conditions resulted in a disappointing crop in East Pakistan, and increased quantities of PL-480 wheat are being delivered in 1970 to cover the deficit.

A slight increase also is expected in our substantial level of PL-480 foodgrains sales to Turkey, while considerably smaller shipments will continue to other PL-480 recipients (Israel, Ceylon, Jordan, and Lebanon). Edible oils also figure strongly in our 1970 PL-480 sales.

The aid-financed element of U.S. exports to the area should be somewhat lower than in 1969, continuing a decline in such shipments since 1967. Nevertheless, AID development lending will continue to finance a significant portion of our exports to the major recipient countries—India, Pakistan, and Turkey—and to such smaller markets as Afghanistan and Ceylon.

Sales of Special Category goods also provide an important component of our exports to several Near East countries—particularly to Israel, Iran, and Turkey, where such shipments in each case are well above $100 million, and to a lesser extent to Jordan and Saudi Arabia.

Need to boost commercial sales

As aid levels decline, the outlook for commercial sales takes on added significance both for our exports in absolute terms and our market share. Increasing expenditures for development and rising oil revenues portend a general increase in imports in the area. There are particularly promising opportunities for large sales of commercial aircraft, capital goods, and components needed for numerous major projects such as airports, and municipal and industrial facilities.

Increased lending by the Export-Import Bank assures U.S. procurement in these fields, and there is ample opportunity for seeking a share of such projects financed by the World Bank and its soft-loan affiliate, the International Development Association. While balance of payments pressures will bring reduced imports of consumer goods in many countries, the demand for machinery and industrial materials continues strong.

Items which continue to enjoy acceptance throughout the area and offer excellent sales prospects include construction and mining machinery, agricultural machinery, mechanical handling equipment, power generating machinery (particularly internal combustion engines), heating and cooling equipment, electric power machinery, and pumping machinery. Other products with good sales prospects in selected markets include machine tools, oil field equipment, textile and chemical industry machinery, food processing machinery, office machinery, bottle manufacturing machinery, paper-making machinery, equipment for the tourist industry, transport equipment, equipment for specialty projects (e.g. desalinization), industrial chemicals and pharmaceuticals, pesticides, industrial raw materials, and industrial components and spares.

U.S. firms are also well positioned to capitalize on the many engineering and construction projects in the area, especially if suitable financing can be provided.

Prospects for commercial sales in eight of the large markets in the area are discussed in separate articles in the following pages. Kuwait, with oil revenues approaching $900 million annually, affords a ninth major market in the area for U.S. exports.

Numerous opportunities for sales of goods and services are afforded by ongoing priority projects in industry and infrastructure. The United States lost ground in both the size of its exports to Kuwait and its share of that market in 1969, however, and this trend is likely to continue in 1970. In part this is due to reduced purchases by Kuwait, particularly of consumer goods, but in large measure it reflects a loss of ground to our competitors.

Oil revenue important

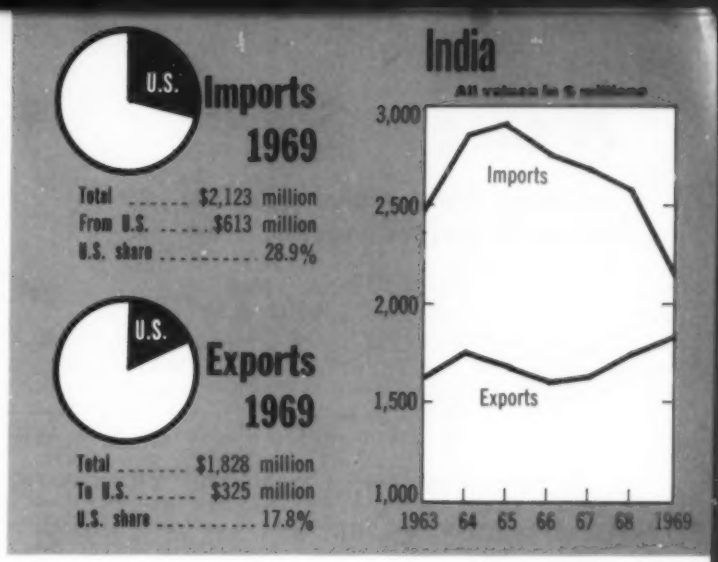
Increased oil revenues also provide a growing market potential in the Arab principalities in the lower Gulf. Combined oil revenues in Bahrain, Qatar, Abu Dhabi, and Dubai, estimated at over $375 million for 1970, are fianancing extensive development programs and consumer goods imports as well. Assistance is also being extended to the other Trucial sheikdoms through the Trucial States Development Fund. An added attraction of selling in these markets, and in such other oil producing countries as Saudi Arabia and Kuwait, is the virtual absence of import and exchange restrictions.

Despite the break of diplomatic relations with the United States following the Arab-Israeli hostilities in 1967, Iraq and Syria continue sizeable purchases from the United States. Cyprus' expanding economy continues to provide a small but steady market for U.S. exports of grains, chemicals, and machinery, and Burma affords good opportunities for spot sales of construction and agricultural machinery, fertilizers, and pharmaceuticals.

India

Country's increased economic activity brightens U.S. export prospects

By SUSAN R. MACLAY
Near East-South Asia Division, BIC



Although India continues to buy more than twice as much from the United States as from any other supplier, U.S. exports to India moved further downward in 1969. The decline has reached its low point, however, and U.S. sales to India will expand by perhaps as much as 15% in 1970.

Continued agricultural progress and a restrictive import policy enabled India to achieve a substantial reduction in imports during the past year. In a stringent effort to conserve foreign exchange, India succeeded in reducing its imports from the world by nearly 18% during the fiscal year April 1969-March 1970, thereby bringing the country's trade deficit to its lowest point in 14 years. At the end of February 1970, India's official gold and foreign exchange reserves stood at a record high of $1,026 million.

Since India's imports from the United States in 1969-70 also declined by about 18%, we were able to maintain our approximate 30% share of the Indian market. The United Kingdom's share also remained constant. The Soviet Union achieved only a slight increase in its market share during the same period, but held on to its recently acquired position as India's second supplier. The shares of West Germany and Japan, on the other hand, fell off fairly sharply.

Market for capital goods

This year, pent-up demand for industrial products has significantly improved the prospects for exports of capital goods to India. Industrial production has been growing steadily in response to rising agricultural incomes and consumer demand, as well as to systematic government support. India's gross national product for 1969-70 is estimated at $47.2 billion (1968 prices), up 6.5% from the preceding year. A real growth rate of 5% is projected for 1970-71, to be aided by an anticipated outlay of $3.5 billion for the second year of India's Fourth Five-Year Plan (April 1969-March 1974). Industrial production has been experiencing a 7% annual growth rate, and the overall utilization of plant capacity has improved.

Signs of an upward trend in India's imports of industrial machinery in 1970-71 are already beginning to appear. The Indian Government has been granting licenses for the importation of capital goods at a rate well above that of 1968-69, and U.S. exports of machinery to India for the first four months of 1970 have already risen to 46% of the total for all of 1969. Furthermore, a widespread shortage of steel in India has heightened the demand for various types of structurals and other steel mill products.

Agricultural imports from the United States are growing as well. Shipments of wheat, the largest component of U.S. exports, stand at $71 million for the first four months of 1970, 57% of the total for 1969. Shortages of vegetable oils and cotton in India are causing an upward spurt in imports of these commodities.

Despite insufficient production in some areas, India's agricultural gains during the past year have been significant. A record harvest of 100 million tons of foodgrains is anticipated for India's 1969-70 agricultural year, ending June 30, 1970. The continued progress of India's "green revolution" and supporting ir. ustries has meant that U.S. sales of fertilizer and certain foodgrains have dropped off sharply in recent months, but this decline has been more than offset by the increases in sales of wheat and vegetable oils. Even if favorable weather produces another bumper crop during the 1970-71 agricultural year, U.S. sales of foodstuffs are expected to hold up well as India continues to build buffer stocks against possible future emergencies.

INDIA'S CHIEF IMPORTS FROM U.S.: foodgrains, fertilizers, machinery, cotton, soybean oil, petroleum products, transport equipment, organic chemicals. INDIA'S CHIEF EXPORTS TO U.S.: jute fabrics, shellfish, sugar, cashews, cotton fabrics, made-up textile articles, precious and semi-precious stones, tea.

The most favorable prospects for U.S. exports to India in the coming months will be concentrated in fields complementary to these growth areas—particularly in agro-industries and in industrial raw materials and semi-manufactures. Promising areas include industrial chemicals, nonferrous metals, alloy and special steels, industrial instrumentation and measuring equipment, specialized machine tools, and electronic equipment. There is also significant demand for agricultural machinery, food processing machinery, equipment for the Indian railroad system, aircraft equipment and spares, and construction and mining equipment.

Despite trends indicating favorable economic conditions for the coming year, business opinion in India is cautious. Recent government policy pronouncements increasing restrictions on large business houses, extending price controls in the oil and drug industries, and expanding the government's role in foreign trade have all contributed to uncertainty and hesitation on the part of many businessmen. The Government of India is also becoming increasingly restrictive regarding the types of industry open to foreign investment, though industries which will be able to contribute to India's foreign exchange earnings are being given priority. The Government is providing special incentives to investment in export-oriented industries as a technique to boost exports from the 4% rate of growth realized in 1969-70 toward the 7% annual growth target.

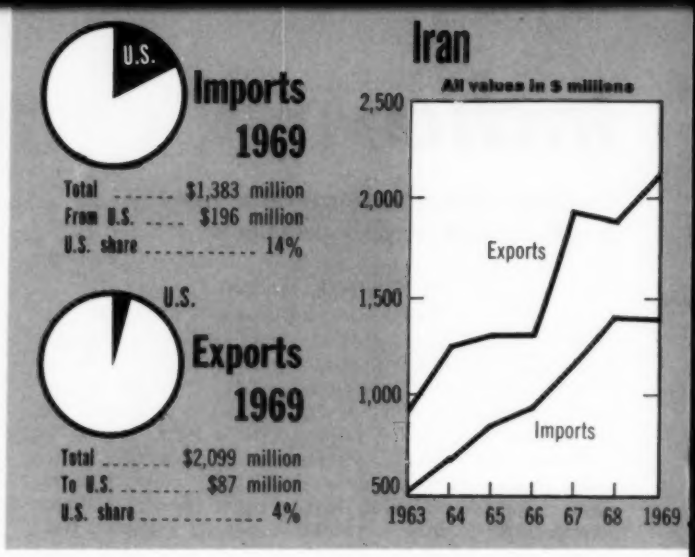
Scattered evidence forecasts at least a limited rise in private investment in India during the coming year. Primary areas of current investor interest include the tourism industry, fertilizers and chemicals, rubber and plastics, and various agro-industrial ventures.

Iran

Increased development spending enhances prospects for U.S. sales

By JOHN M. PERRY

Near East-South Asia Division, BIC



Iran's total imports are expected to show a moderate increase in 1970 over last year's level. In 1969 the country's global imports leveled off and even declined slightly in value after having more than doubled since 1964. U.S. exports to Iran should continue to rise in 1970, although not as sharply as last year.

The main reasons to expect another increase in our trade with Iran in 1970 are the country's rising oil income and inflow of foreign credits, and larger allocations for development spending than last year. Within the framework of an ambitious five-year development program a record-sized budget has been announced for 1970-71, calling for greatly increased expenditures for economic development and defense. This enhances the prospects for expansion of U.S. exports of industrial and agricultural equipment for development projects. Last year's slowdown in Iran's total imports was due largely to the Government's anti-inflationary measures, and these will continue to affect mainly nonessential imports. U.S. shipments of military and related items, which went up considerably last year, are expected to reach about the same level in 1970.

Iran's gross national product is estimated at around $9 billion (per capita $321) for the year that ended Mar. 20, compared with about $8.3 billion the year before. This was a growth rate of about 9%, compared with about 10% the previous year. The economy is expected to grow at between 8 and 9% in 1970 as the Government's fiscal and monetary restraints continue to take effect. The cost of living was rising at the rate of about 4% in 1969, compared with about 3% in 1968. This is in sharp contrast to the less than 1% increase that prevailed in the years 1964-67, and prices will probably continue to rise.

Businessmen confident

Iranian businessmen are showing confidence in the country's future. Private industrial investment, particularly in the chemical, rubber, and leather industries, has been on the increase, although the Government's credit and import restrictions bear more heavily on the private sector. Production has also been rising, especially in the automotive, electrical and textile industries. Private enterprise is being encouraged, and businessmen are being offered tax and other incentives to increase and diversify their exports. These positive trends are expected to continue.

Iran's total imports were valued at $1,383 million in 1969, compared with $1,386 million in 1968. According to Iranian import statistics, which do not include military or related goods, the U.S. share of the market in 1969 was 14%, compared with 17% in 1968. This reflects the growing effectiveness of our competitors in the Iranian market, particularly the United Kingdom and Japan.

U.S. Department of Commerce figures, which include military and related items, show exports of $352 million to Iran in 1969, compared to $279 million in 1968.

The level of our exports in 1970-71 will be raised by shipments of aircraft, locomotives, and telecommunications equipment financed by the Export-Import Bank.

The new import-export regulations, which became effective Mar. 20 and will remain in force until Mar. 20, 1973, contain few changes. Tariffs and Commercial Benefits Taxes (CBT) have been reduced on a few items, including iron and steel blooms and special medicines. The import quota which was imposed last year on assembled automobiles has been lifted, but the high CBT on cars remain in effect.

IRAN'S CHIEF IMPORTS FROM U.S.: machinery and parts (for construction and mining, power generating, agriculture, pumping, heating and cooling, and materials handling), electrical and telecommunications equipment, motor vehicles and parts, aircraft, vegetable oils and fats, medicines and pharmaceuticals, chemicals. IRAN'S CHIEF EXPORTS TO U.S.: petroleum and its products, edible nuts, carpets and rugs, animal skins and hair, fish and fish preparations, gums and resins, dried fruits and spices.

Best sales prospects in the Iranian market for the coming year appear to be in road construction machinery and telecommunications equipment. New fields with sales potential are auto parts, plastics production equipment, and agribusiness.

Iran's balance of payments for the year that ended Mar. 20 showed a deficit on current account of about $574 million, compared with $473 million for the previous year. This increase was not as large as previously, however (the deficit more than doubled in the year ending March 1969), because of the Government's restriction of imports. Foreign exchange remains in very short supply even though oil income is on the rise and now exceeds $1 billion a year. This seeming paradox is due primarily to the Government's heavy spending in order to maintain a rapid rate of economic growth and to strengthen the country's defenses. The Government has also incurred heavier foreign obligations by its increased reliance on foreign loans. The foreign exchange situation is expected to remain difficult, but the Government is trying to reduce unnecessary expenditures and Iran's excellent credit rating remains unimpaired.

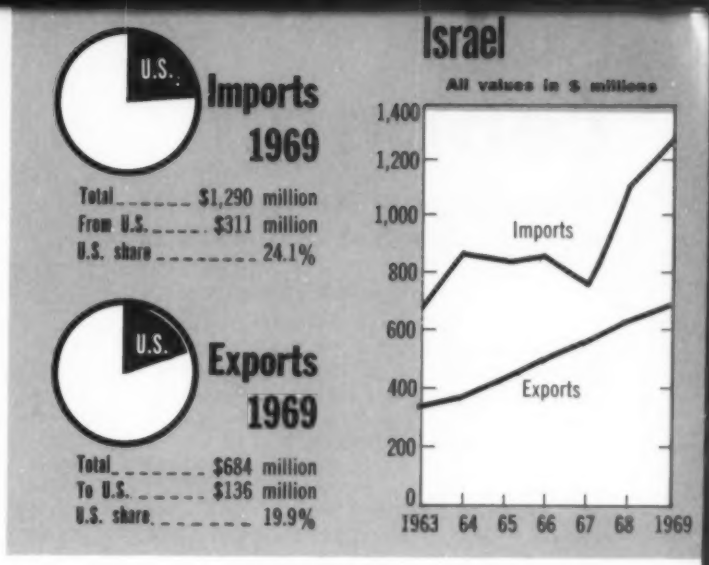
The U.S. Industrial Machinery Exhibition, which was held in Tehran in May, was highly successful. Sales of over $4 million were made from the floor, and follow-on sales are expected to more than triple that figure. The Export-Import Bank authorized credits of $7 million for relending by Iranian banks to help finance these sales. Results of this first U.S. "solo" show in Iran bode well for the future.

Israel

Growth rate still high; investment rise brightens prospects for capital goods

By JOHN P. EDWARDS

Near East-South Asia Division, BIC



U.S. exports to Israel are likely to set a new record in 1970, for the third consecutive year, and our sales to the country may exceed the half-billion dollar mark for the first time.

Numerous factors account for the dynamic rise in U.S.-Israel trade, which has seen our sales jump from the approximate $200 million level of 1966, when the country was in the midst of a recession, to $457 million in 1969 and an expected $500 million plus in 1970. Sustained growth in Israel's gross national product, coupled with relative wage and price stability, a very large increase in defense purchases, and large capital inflows have been primary factors in the increase in Israeli purchasing power. A continuing U.S. Government PL-480 "Food for Peace" sales program, the determination of the Government of Israel to persist in its program of reducing tariffs and the country's maintenance of an ambitious industrialization plan have also added to U.S. sales. Several potentially adverse factors exist, however, such as the effects of accelerated and growing imports on Israel's balance of payments position, particularly the possibility that the growth in capital inflow from abroad will not be enough to offset the growing trade deficit. The country's import deposit scheme, its recently initialed agreement with the EEC, a somewhat tighter monetary policy and the danger of inflation are other problems for the U.S. exporter.

High rate of growth continues

The Israeli GNP rose by 12% in real terms in 1969 to $4.7 billion, and it is anticipated that the growth rate will be 9% during the current year—bringing the GNP for 1970 to about $5.1 billion. The sectors especially responsible for this growth are building—expected to rise by as much as 25%—and industry, which will probably expand by roughly 13%.

The U.S. share of the Israeli market was about 24% in 1969, up slightly from our 1968 share. If the Israeli import total expands by 10% during 1970, as predicted by the Government of Israel, and if the U.S. share of the market maintains its present level, then our exports should be slightly over $500 million. Our best performance will be in wheat and other cereals and oilseeds under the PL-480 program, and machinery for industrial production (especially metalworking, chemical processing and electronic production equipment) and in equipment for the country's tourist industry—besides "special category" items, which accounted for $128 million in 1969 and over $55 million during the first four months of 1970.

On Jan. 11 the Israeli Ministry of Commerce and Industry ordered a prior deposit requirement of 50% on most goods bearing an import duty of 25% or more. The deposit is retained by the Government for six months and it draws interest at an annual rate of 6%. Although most of our exports to Israel are food products and capital items on which the rate of duty is below the 25% level, this requirement will have a negative impact on U.S. sales of such consumer items as TV sets and autos.

A preliminary agreement between Israel and the EEC was initialed on Feb. 13. Although final details of this agreement are still being negotiated, it is understood that the EEC members will receive preferential tariff treatment ranging from 5% to 25% in the Israeli market. Considering the barrier U.S. manufacturers already face in Israel vis-a-vis their European competitors because of higher freight rates, tariff preferences of the order being considered will undoubtedly put U.S. suppliers at a further competitive disadvantage.

Israel's imports of goods and services rose at a faster rate than was envisaged last year, and they exceeded the inflow of capital by well over $200 million. This deficit was met by drawing on the country's reserves, which, as a consequence, fell from $663 million on Jan. 1, 1969 to $435 million a year later. At an annual global import rate of $1.3 billion, these reserves are sufficient for about four months' foreign purchases. In remarks to the Knesset (Israel's Parliament) on May 26, Prime Minister Meir pointed to the deficit in the balance of payments and the resulting shortage of foreign exchange as the central problems of the country's economy. She noted that a large increase in defense imports was primarily responsible for this situation, but stated that a more than 25% rise in Israel's standard of living over the last three years could also be blamed. She warned that, unless the growth of imports was curbed and the increases in consumption moderated, governmental steps would have to be taken to force moderation.

Meanwhile, import demand for all categories of goods remains strong and indications point toward continuing high levels of imports from the U.S. and elsewhere.

On May 31, the Ministerial Committee for Economic Affairs, in line with last year's Free Port Law empowering the establishment of foreign trade zones at Israeli ports, approved setting up industrial free trade zones near Haifa and Eilat. Industries begun in these areas will be allowed to import raw materials, process them, and export the finished product free of customs duties and taxes. Commercial firms engaged in transshipment and reexport activities also will be established in the zones. Earlier that month, the Ministerial Committee approved construction of a $13 million magnesium plant at Arad, near the Dead Sea. To be set up in conjunction with an Austrian firm, the new plant will produce 46,000 tons of magnesium and 82,000 tons of hydrochloric acid annually. It is due to be operational in two years.

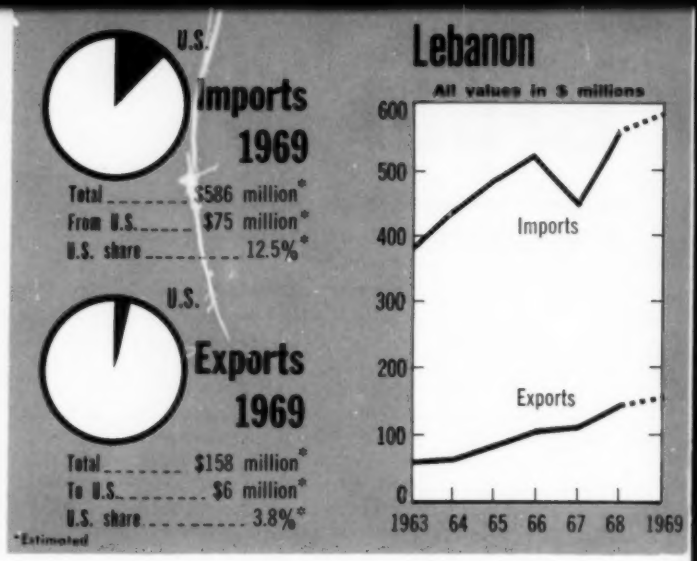
ISRAEL'S CHIEF IMPORTS FROM U.S.: wheat, soybeans, aircraft, paper products, special category items, industrial machinery, telecommunications apparatus. ISRAEL'S CHIEF EXPORTS TO U.S.: diamonds, clothing, fabrics, tires, citrus products.

Lebanon

Import demand at near record level; decline in aircraft sales cuts U.S. total

By JOHN P. EDWARDS

Near East-South Asia Division, BIC



U.S. exports to Lebanon will reach about $65 million this year, or some $25 million less than last year's record level. Yet, all but one U.S. manufacturer will probably have at least as good a year this year as last. This seemingly incongruous situation is explained by fluctuations in the sale of one product: commercial aircraft, for the U.S. has maintained a relatively large share of the Lebanese market since 1966 by successive deliveries of such aircraft. Since no firm orders have been placed for planes to be delivered during 1970, our total sales and market share will drop accordingly.

Lebanon's total imports, which fell from $536.3 million in 1966 to $474.3 million in 1967, rose to $521.6 million in 1968 and set a new record, at $553 million, in 1969. Thanks largely to aircraft sales, the imports from the United States accounted for about 14% of the 1969 total. (U.S. export figures to Lebanon in 1969, which showed a total of $89.5 million, are not compatible with Lebanese import figures, because a significant part of such goods never actually enter Lebanon but are held in the country's free zone for transshipment.)

Resilience is the word which most typifies the reaction this economy has shown to a series of events which have forced significant changes in its commercial structure. The fortunes of the Lebanese economy, based as it is on trade, services and tourism, are heavily dependent on the political situation in the Near East.

Tourism has suffered to a degree since the Arab-Israeli conflict of 1967—especially the drop of visits by Europeans and Americans. Sharp increases in the number of visitors from oil-rich Arab states, who stay longer and spend more than their western counterparts, have substantially offset this decline. These visitors come primarily during the summer months, however, and generally rent villas in the mountains. Hotel business in Beirut is down slightly since 1967, although not alarmingly so. In fact, two major hotels with over 900 rooms between them are currently under construction in Beirut, indicating that some investors foresee a recovery of this industry. U.S. suppliers should be alert to the possible resumption of a strong demand for tourism and recreation items.

It is easy to see that Beirut merits its reputation as the "show-window of the Arab world" when its strategic location and role of host every year to thousands of Arab visitors are considered. The businessman who successfully sells to Lebanon will soon find his product in demand in other Arab countries. The continued presence of more than 400 regional offices of U.S. firms attests to the importance of Beirut as the point of entry for most of the Near East. It also underlines the variety of products and services which can be supplied through Lebanon.

Partly as a result of the closure of the Suez Canal, Beirut has not only acquired substantially increased importance as a transit route, but light industries have developed as well to take advantage of the higher costs of freight now adding to the price of imported goods in countries east of the Canal. This industry, whose exports have grown an average of 33% a year since 1967 and reached $52 million in 1969, employs almost 70,000 workers. So far, most of the investment has been in food and beverage processing, textiles and furniture, but it is anticipated that additional funds will be placed in other industrial sectors as success is achieved by the initial participants. As these industries develop, increased opportunities for the sale of U.S. capital items will become available.

Bank deposits, generally regarded as a reliable indicator of the state of the Lebanese economy, stood at $1.27 billion as of Feb. 1, up by 3.3% over the same date a year earlier. The small increase is indicative of the general "wait and see" attitude of the economy. Tension and uncertainty over political developments, both national and regional, is at least temporarily affecting domestic sales, credit availability and industrial investment.

As might be expected of a nation which has lived on trade for centuries, Lebanon's trade and payments restrictions are minimal. Most commodities may be imported without a license; and there are no exchange controls on imports and exports since Lebanon is a free foreign exchange market.

On June 11, Lebanon and the United States signed an agreement for the purchase by Lebanon of approximately $7 million of American agricultural commodities, including wheat, feed grains, and cotton. Payment will be spread over a 20-year period. Proceeds from their resale will be used for agricultural development.

The Lebanese Social Security Fund recently issued tenders for an initial $3 million purchase of medicine to be distributed under the country's new medical insurance program. About 225,000 workers will be covered under the plan, and it is estimated that an additional 405,000 dependents will also be eligible. It is likely that the annual medical cost will be about $8 million, and that the country's pharmaceutical imports will show an immediate increase of $6 to $7 million a year.

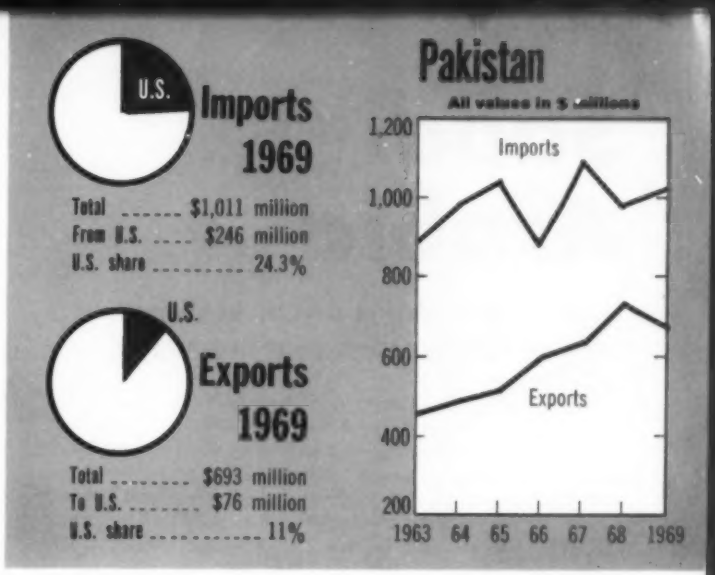
The Sample Display Center at the U.S. Embassy in Beirut provides an inexpensive and convenient method of securing agents for the Lebanese and Near East markets. The Embassy also maintains a Regional Business Information Center and publishes the *Middle East American*, a commercial newsletter in English and Arabic.

LEBANON'S CHIEF IMPORTS FROM U.S.: aircraft, passenger cars and trucks, textiles, farm machinery, tobacco products, medicines and pharmaceuticals, household appliances. LEBANON'S CHIEF EXPORTS TO U.S.: tobacco, hides and skins, textile fibers, Oriental goods.

Pakistan

Foreign trade moderates, but U.S. sales are expected to rebound after bad year

By FREDERIC W. SIESSEGER
Near East-South Asia Division, BIC



U.S. exports to Pakistan are regaining lost ground, after plummeting 35% in 1969 to the lowest level in a decade, although it is unlikely they will reach the $300 million mark achieved in 1968. This estimated increase is based almost entirely on scheduled and anticipated PL-480 shipments of wheat and other commodities. Faced again this year with reduced support from U.S. AID commodity loans (FY 1970 authorization is $83 million), U.S. exporters will meet intense competition from foreign suppliers in a declining Pakistani market, and the level of commercial sales is expected to change little.

Pakistan's overall economic progress did not meet expectations last year, registering a 5.5% increase in gross national product to $16,310 million. It is unlikely that either the 6.5% growth rate target or the $1,155 million budget level for development expenditures in FY 1970 will be reached.

Agricultural production, which contributes almost half of GNP, has met with modest success. West Pakistan has reached self-sufficiency in foodgrains—wheat and rice—although East Pakistan still has a large deficit. The 1969-70 wheat crop in the West wing is estimated at 6.9 to 7.2 million tons, a 70% increase over 1964. While West Pakistan's rice crop of 2.3 million tons met the target, production of this major crop in the East, estimated at 11.9 million tons, fell short of expectations due to pest damage. As a result, East Pakistan's foodgrain import requirements for fiscal 1971 may exceed the 1.7 million tons being imported this year, principally under the U.S. PL-480 program.

Government efforts to attain foodgrain self-sufficiency for the East wing are directed toward increased irrigation, fertilizer, and improved seeds. The Government also recently announced its intention to undertake a massive water resource development program in East Pakistan during the next five years.

The Fourth Five-Year Plan (July 1970-June 1975) draft, recently made public, calls for a 6.5% yearly increase in GNP, although the specific targets and allocations have yet to be announced. However, continued emphasis is expected on supplies for agricultural production and agribusiness investment, particularly in East Pakistan. New industrial investment is likely to be channeled into petrochemicals, light and heavy engineering, steel, and cement, with continued priority being given to utilization of existing industrial capacity.

Business activity has slowed and there is some indication that decisions on new private investments are being postponed pending the outcome of the scheduled change from the present Martial Law Administration to a popularly-elected government after Oct. 5. Labor unrest and chronic raw material shortages have, additionally, inhibited industrial growth this year, despite some easing of monetary restraints. These problems are particularly pronounced in East Pakistan.

Gains will be modest

Pakistan's foreign trade will probably register only modest gains in 1970. Increasingly dependent on foreign exchange earnings to finance imports for its ordinary requirements as well as for its development programs, Pakistan has also been faced with a recent decrease in exports. This amounted to a decline of over 2% in July 1969-April 1970 compared to the same period the previous year. Equally significant is a 5.6% decrease in total imports to $809 million and a trade deficit for this period of $244 million. Despite the decline in export receipts, official gold and foreign exchange reserves stood at $323.5 million at the end of April, maintaining 1969 levels largely due to reduced imports. This situation is made more acute by a growing external debt burden —approaching 20% of exchange earnings—due to past acceptance of supplier credits and foreign aid loans which are now coming due for repayment.

The consequent reluctance of the Pakistan Government to add to its debt burden by accepting supplier credits on hard terms contributes to the difficulty of selling in Pakistan on ordinary commercial terms.

Thus, while there are selected product-areas where U.S. exporters can penetrate the billion dollar Pakistani market, it is anticipated that the U.S. market share, which registered an 8% drop in 1969 to 24%, will increase very slightly—only because of larger PL-480 shipments.

There are, however, some favorable prospects for U.S. exporters of competitively-priced industrial equipment. Good opportunities exist for increased sales of vegetable oil mill plant, electronic and communications equipment, textile machinery, food-processing and packaging equipment, air-conditioning and refrigeration equipment, industrial instrumentation, railroad equipment, and agricultural machinery and equipment.

American suppliers can benefit from the facilities that are offered by the many U.S. and international agency loans to Pakistani industrial development banks. The Pakistan Industrial Credit and Investment Corp., located in Karachi, has relent substantial sums of U.S. Eximbank and World Bank monies to Pakistani industries. Recent large sales of textile machinery were concluded with Eximbank financing.

PAKISTAN'S CHIEF IMPORTS FROM U.S.: iron and steel products, fertilizers, soybean oil, wheat, organic chemicals, agricultural machinery, construction and mining machinery. PAKISTAN'S CHIEF EXPORTS TO U.S.: jute woven fabrics, cotton fabrics, raw jute, raw shellfish, fish in containers, raw wool, clothing.

XUM

Saudi Arabia

High income market awaits businessmen; another record import year in prospect

By ALBERT J. PLANAGAN
Near East-South Asia Division, BIC

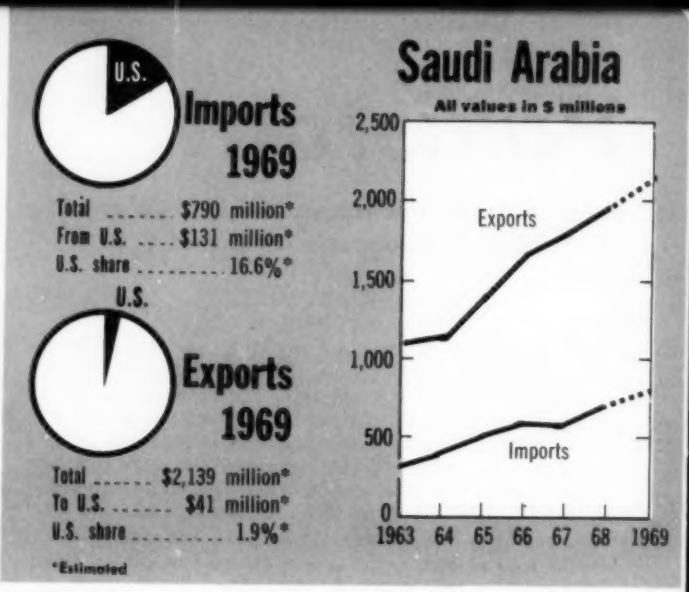
Saudi Arabia is heading toward another record import year in 1970, with total purchases from abroad exceeding $900 million. U.S. exporters should participate in this gain, despite aggressive foreign competition which has substantially eroded the U.S. market share in this fast growing, restriction-free market.

After a prolonged period in which GNP —currently estimated at $2.8 billion— grew at 10% annually, a recent slackening in this rate of increase has appeared. Nevertheless, the economy remains among the world's fastest growing.

Oil production is forecast to rise a substantial 10% in 1970 compared to 5% in 1969, and the Saudi business community remains, on the whole, optimistic. Retail sales are brisk, running 10% over a year ago in most of the country. Saudi Arabia is continuing to provide the UAR and Jordan with financial assistance totaling $150-155 million under the Khartoum Agreement of 1967. Together with increased defense expenditures, these outlays have resulted in a leveling off of domestic development expenditures. Overall development outlays remain high, however, offering U.S. business outstanding sales, contracting and service opportunities.

The Khartoum payments, sharply rising import levels, higher shipping charges, and oil earnings which were somewhat below expectations last year together had an adverse effect on the balance of payments in 1969, and foreign exchange holdings declined. Current holdings, though, are more than ample to meet international obligations.

The Saudi economy remains heavily dependent upon imports for meeting consumer, industrial, and development needs. Given the attractiveness of the market, foreign competitors are mounting extensive promotional campaigns for upping sales—often at U.S. suppliers expense. As one result, U.S. sales in 1969 fell 18% from their record level of $187 million in 1968. These stepped-up sales campaigns have taken many forms. For example, in machinery and transport equipment sales where the United States once enjoyed an unmatched reputation, foreign sellers, especially the Japanese, are giving increased attention to agents and distributors. This includes not only offering liberal financing arrangements, but also the providing of staff for after-sales service, and the awarding of incentives for increased sales. The French, who staged Jidda's first and highly successful industrial fair last November, are reportedly coming back with a consumer products show to be held in Riyadh. As a result of these and other efforts, while U.S. sales fell, United Kingdom, West German, and Japanese sales increased by 20%, 10%, and 8% respectively in 1969.



Major U.S. successes

Three major events in the last two months show that the Saudi market merits the extra attention of U.S. contractors, exporters, and service industries.

For contractors: On Apr. 25, bids were opened for the construction of airports in Jidda and Riyadh. The $261 million low bid for these projects—most likely the largest ever awarded on the basis of a single set of bids—was submitted by the New York firm of J. Rich Steers. The bid is being reviewed by the Saudi Government.

For exporters: Also in April, the U.S. Department of Agriculture, with 23 U.S. companies participating, staged a food fair in Jidda. Although the U.S. market share for food products has been eroded in recent years by lower priced European products, the Saudi response to the fair was outstanding. It is estimated that total orders resulting from the exhibit will run on the magnitude of $10 million.

For service industries: In May, a subsidiary of Automation Industries was awarded a contract by the Ministry of Agriculture in excess of $23 million for the operation and maintenance of desalting plants at Jidda, Wajh, and Dhuba over a five-year period.

For contractors and/or potential investors, future development projects are as numerous as they are diverse. Plans are moving ahead for a $24 million, 550 ton-per-day sulfur plant at Abqaiq, a $55 million expansion of the Jidda refinery and a new refinery at Riyadh, an $18 million expansion of the Dhahran Petroleum College, a $35 million expansion of the Dammam port, and a new telecommunications network.

For the U.S. supplier sales appear especially bright for food grains, cooling equipment, power generating equipment, pumps, cars and trucks, as well as for imports needed in conjunction with the above-mentioned development projects.

For service industries, as the Saudi economy expands and diversifies, there will be increased reliance on foreign firms capable of operating and maintaining new equipment and facilities. Opportunities for participating in training programs for Saudi workers also exist. For example, the National Guard is expected to announce a multimillion dollar vehicle maintenance contract shortly.

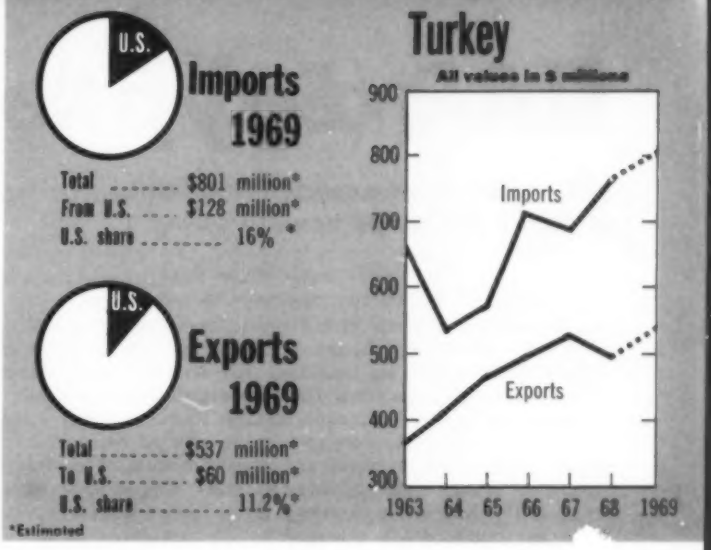
SAUDI ARABIA'S CHIEF IMPORTS FROM U.S.: rice, wheat flour, chemicals, power generating equipment, cooling equipment, cars and trucks, aircraft, construction and mining machinery, telecommunications equipment. SAUDI ARABIA'S CHIEF EXPORTS TO U.S.: petroleum and its products.

Turkey

Total imports are expanding slowly; United States sales level remains constant

By PETER B. HALE

Near East-South Asia Division, BIC



Turkey's imports are expected to register a small rise in 1970. Sales from the United States, in spite of increased shipments of foodgrains under PL-480, are expected to remain close to or only slightly above the 1969 level.

Import demand in the Turkish market remains very strong, and a large portion continues to be unsatisfied. Strict governmental controls will allow only a small rise in total imports during 1970 to perhaps $830 million, compared with the $801 million estimated level reached last year. U.S. sales during 1970 should total close to the 1969 level of $299 million, as a decline in shipments of special category and AID financed goods is offset by an anticipated sharp rise in PL-480 foodgrain sales and a small increase in commercial shipments. The U.S. share of the Turkish import market, based on Turkish statistics which do not include special category sales, is expected to climb slightly from the estimated 16% share recorded in 1969.

Despite the second consecutive unfavorable crop year, the Turkish economy continued to expand at close to the planned rate of 7% in 1969. The outlook is for continued expansion in 1970, but at a somewhat slower rate. Preliminary agricultural estimates indicate another bad crop year, due to unfavorable weather conditions. Some evidence of a business slowdown has also been present thus far in 1970, but conditions are expected to improve during the second half of the year.

Turkey's chronic balance of payments deficit remains the major factor inhibiting imports. Export earnings rose to $537 million in 1969, up from $496 million in 1968. Remittances from Turkish workers in Europe reached $140 million last year, an increase of $33 million over 1968, and the net tourism account, historically negative, was almost in balance last year indicating a rise in tourism earnings. Foreign exchange earnings from these sources are expected to continue to rise this year. Expenditures are expected to rise more slowly; thus, the year should see another small improvement in the balance of payments account.

U.S. sales to Turkey thus far in 1970 are at a higher level than a year ago. According to currently available Turkish estimates, U.S. sales in 1969 showed only a small improvement over 1968, in spite of a $25 million increase in PL-480 foodgrain sales.

This year, however, foodgrain shipments are continuing at a high level, and should exceed the 1969 total by a substantial margin. Commercial sales are also expanding, but at a slow rate. AID-financed shipments are declining, as the level of U.S. assistance remains relatively low and goods in the supply pipeline from previous project loans are utilized.

Operating in the Turkish market is becoming more difficult for the American businessman. Increasingly restrictive import regulations generally limit imports to capital goods and essential raw materials and components not domestically produced. U.S. firms interested in investment in Turkey are facing mounting obstacles. Existing foreign investments have been placed under a series of new restrictions which, in many cases, are inhibiting their normal business operations. Potential investors must agree to operate within more closely defined limits in order to gain approval for their investments.

U.S. suppliers must also face the added challenge of growing competition in this limited market. European suppliers have, over the past several years, aggressively promoted their products with considerable success. American firms must meet this competition to sell in Turkey. They must keep a close watch for new opportunities either by frequent travel to Turkey or through the use of an aggressive Turkish sales agent, and must be prepared to offer financing terms comparable with those offered by the Europeans and to enter frequently lengthy negotiations on bids after submission.

TURKEY'S CHIEF IMPORTS FROM U.S: cereals, motor vehicle and tractor parts, construction and mining equipment, electric power machinery, internal combustion engines and parts. TURKEY'S CHIEF EXPORTS TO U.S.: tobacco, edible nuts, chrome ore and ferro-chrome.

For U.S. firms willing to make this extra effort, numerous sales opportunities are available in the Turkish market. The sustained growth of the economy over the past decade, especially in the industrial sector, has developed a strong demand for capital equipment as well as raw materials and components not available in Turkey. Not only is there a continuing demand for machinery and equipment for basic industries, but the recent rapid growth of secondary industries has expanded the range of imported goods required. Imported machinery is required for most of these operations thus pointing to sales opportunities for machine tools, metalworking equipment, and machinery for specialized industries such as textiles, food processing, paper manufacturing and glass making. Demand for construction machinery also remains high.

Sales opportunities for American firms are also present in the expanding tourism industry. Numerous new hotels and motels, requiring much imported equipment, are either under construction or are in an advanced stage of planning, from Istanbul to the Aegean and Mediterranean shores. With tourist arrivals up sharply in 1969, Turkey's long-promoted tourism potential appears to be on the way to realization.

In line with Turkish Government efforts to expand export earnings, the development of the fruit and vegetable processing and transport industry has been given emphasis. Plans call for a major increase in produce handling and packaging facilities, and processing operations for tomatoes, citrus fruits, apples, peaches and many types of vegetables.

XUM

UAR (Egypt)

U.S. export gains expected to continue; economy maintains upward swing

By ALBERT J. PLANAGAN

Near East-South Asia Division, BIC

U.S. sales to the United Arab Republic have registered major gains during the past two years. This trend is likely to extend through 1970, despite the likelihood that, because of balance of payments difficulties, total UAR imports will not be permitted to rise substantially above present levels.

The UAR's economy continues on an upward swing that began in early 1969. Industrial and mineral production for the six-month period ending December 1969 jumped 8% to stand at $1.3 billion. An important factor in this increase has been the strong growth exhibited by the petroleum sector. Petroleum output for the same six-month period climbed to $68 million—up 27%—while petroleum exports nearly tripled. Agricultural production is also up. According to the Ministry of Agriculture, cotton production rose 20% in the 1968/69 fiscal year ending June 30, 1969. The increasingly important rice crop totaled 2.5 million tons and rice exports exceeded $100 million. Consumer buying has also picked up following the government's reduction of prices for many basic commodities. Based on these developments, a 4% plus rise in GNP during 1970 has been forecast.

The UAR realized its first trade surplus in 30 years for the fiscal year ending June 1969 on increased exports of $711 million, and greatly reduced imports of $602 million. UAR sources estimate that this export advance carried over into FY 1970 with industrial and agricultural exports in the July-December 1969 period amounting to $308 million against $267 million in the comparable 1968 period. Rising cotton exports helped by higher cotton prices accounted for one-half of the increase with higher petroleum sales responsible for much of the remainder. On the other hand, goods valued at $442 million had been imported during the same six-month period, indicating a first half trade deficit approximating $134 million.

Significant progress has been made towards strengthening the country's international financial position. The UAR has reduced much of its backlog of foreign debt obligations, and negotiations are underway aimed at rescheduling the UAR's outstanding debt with U.S. creditor agencies. In May of this year the UAR acceded to full GATT membership.

Significant problems, however, still confront the UAR. Together wtih the regional political situation, the Suez Canal remains closed, and tourism—while expanding—has not returned to pre-1967 levels. Overpopulation is another major question mark. The current population of 33 million has placed great demands on the UAR's limited agricultural and industrial resources. Despite government family planning programs, population continues to grow nearly 3% annually, thereby nullifying much of the overall gains in industrial and agricultural output.

Balance of payments difficulties continue, having a direct bearing on trade levels. Despite the growth in UAR exports, foreign exchange availability has been limited by increased imports of essentials such as food, raw materials, fertilizers, and semi-manufactures. On the capital account sizeable foreign debt obligations are—or shortly will be—due, requiring the careful allocation of foreign exchange resources.

Following a short but pronounced decline after the 1967 war, U.S. exports to the UAR rebounded in late 1968, and have continued to advance into 1970. Commercial aircraft sales have been particularly strong, together with good showings for cottonseed oil, power generating equipment, fertilizers and construction equipment exports. As a result, U.S. suppliers have enlarged their market share to up wards of 10%.

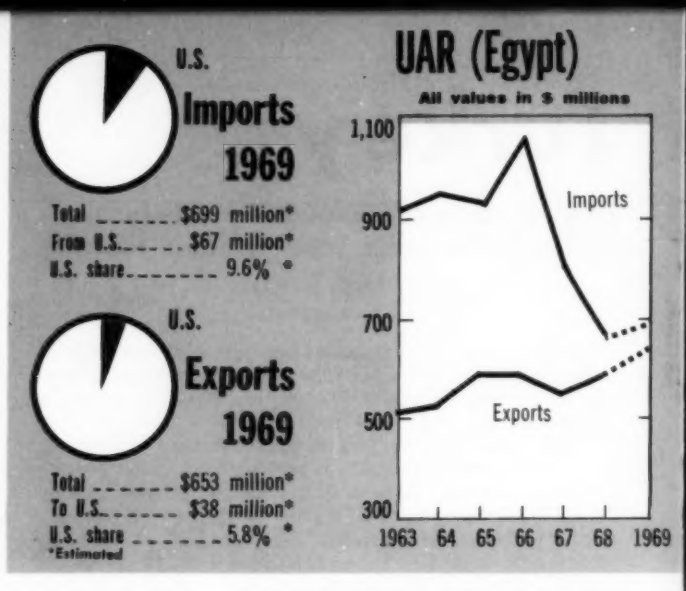
U.S. imports from the UAR have also been increasing since 1967. In 1969 U.S. imports of $38 million were more than twice the $15 million recorded in 1967, with petroleum imports accounting for over 80% of U.S. purchases.

In mid-1970, sales prospects for U.S. products look especially bright for additional commercial aircraft, fertilizers, pesticides, pharmaceuticals and spare parts.

Two recent economic decisions offer new and promising sales opportunities.

The first is the increased UAR interest in utilizing the resources of international lending institutions for development projects. For example, the UAR recently concluded a $26 million IDA loan agreement to finance the foreign exchange component required to install over one million acres of tile drainage in the Nile Delta. The total cost of this project is estimated at over $140 million, spread over a period of several years. Among the foreign purchased items for which the IDA funds will be used are machinery and equipment for 11 pumping stations, drain excavators, tile laying machinery, 35 and 50 horsepower tractors, road graders, other trucks, and spares for all equipment. All purchases will be made on the basis of international competitive bidding.

The second development affecting U.S. business is the drawing up of the Third Five-Year Plan which is now reportedly to go into effect July 1. Major emphasis will be placed upon developing the UAR's industrial sector, the individual projects of which have recently been the topic of discussion between the Government and several visiting European groups. For example, a large petrochemical complex is being planned, the aim of which is to produce annually 45,000 tons of polyethelene, 40,000 tons of polyphenol chloride, 30,000 tons of polypropylene, 12,000 tons of synthetic rubber, and 25,000 tons of polystyrene fibers.



UAR'S CHIEF IMPORTS FROM U.S.: aircraft, animal oils and fats, construction and mining equipment, pesticides, fertilizers, pharmaceuticals, spare parts. UAR'S CHIEF EXPORTS TO U.S.: petroleum and its products, cotton fabrics.

African market is buoyant

U.S. Government-business survey teams report favorable sales prospects

By ALFRED M. LIVERIGHT
Africa Division, BIC

United States exports to Africa this year appear headed for another $100-million gain, to a record $1,400 million total. The percentage increase, 7.5%, will fall slightly short of 1969's advance, however.

The Republic of South Africa, Nigeria, and Libya—leading purchasers of American products in the African continent—should maintain their market preeminence through year-end. Fed by continuing growth in consumer demand and new investment, exports to the South African market are enjoying another banner year—after topping $500 million last year. Sales to Nigeria will recover to their prewar $100-million level due to rehabilitation and reconstruction programs and major new investments in the rapidly-growing petroleum industry.

The only cloud over the three countries (which together should account for one-half our total sales in Africa this year) covers Libya. There the close tie between U.S. exports and oil companies' activities, which have declined in the wake of last fall's change in governments, points to a falloff from last year's sales. Nevertheless, the record pace in U.S. shipments to Libya set in the early months of 1970 is likely to boost full-year sales over the $100-million mark for the third straight year.

In addition to Nigeria, the markets of Morocco, Ivory Coast, and Liberia are projected to expand significantly for American exporters during the balance of 1970. Percentage increases in sales over last year ranging from 15% to 30% will lead to sales approaching $75 million in Morocco and another $75 million combined in the other two countries. U.S. exports to the remaining countries reported on individually in the following pages will do little better than realize a growth attributable to the inflation factor.

Other markets growing

The U.S. trade outlook is encouraging in the majority of seven additional countries which, together with the 12 markets discussed separately, accounted for 94% of our exports to Africa in 1969.

Algeria moved up to fourth-ranking customer ($64 million) of the United States in Africa last year, as American economic activities increased sharply: petroleum-related activities account for the major U.S. interests. The future market for U.S. equipment and services in Algeria will in large part be determined by the pace of the local development effort—and the direction of Algerian efforts to seek sources of supply alternative to France.

The new Development Plan for 1970-73 and development of Algeria's industrial capacity should lead to an enlarged market for agricultural, construction, earthmoving and transport equipment; feed grains; equipment for production of fertilizers; irrigation systems; educational supplies; electronic components; and management consultation services.

Although U.S. trade with **Angola** contracted 13% last year to $32 million, owing to the wind-up of initial work on a petroleum investment and the Cassinga iron ore project, export opportunities remain in supplying capital equipment for the construction, transportation, and mining industries. Prospects for equipment sales for agriculture, livestock, and fishing also appear good.

U.S. exports to **Cameroon** (up one-third to $14 million last year) and the other three countries forming the Central African Customs and Economic Union (UDEAC) could advance even more sharply, following the reduction by 50% (75% on pharmaceuticals) of that organization's common external tariff early this year. Market prospects are especially promising for capital goods in support of infrastructure and industrial development.

Exports to **Ethiopia,** which dropped back 50% to a more normal $22-million level last year following non-repeat aircraft sales in 1968, are expected to respond to the stimulus of higher prices for the country's leading export—coffee. In particular, AID and World Bank loans should lead to increased shipments of capital equipment of U.S. origin. Priority investments in tourism could bring about larger inputs for transport and recreation facilities.

After doubling to $12 million last year, U.S. exports to the **Malagasy Republic** may slacken in 1970 because of continuing stiff competition from France and other EEC countries. Still, U.S. aircraft, electrical equipment, machinery, and transport equipment—with their technological superiority—enjoy relatively favorable possibilities.

The economic growth of **Mozambique** fueled a 75% increase in the value of U.S. sales, to $27 million, in 1969 over the preceding year. The same level was maintained in the early months of 1970, led by shipments of aircraft, locomotives, and oil-prospecting equipment. Some of the heavy construction equipment being imported for the Cabora Bassa dam project is American. Oil strikes in important quantities could also lead to imports of more U.S. products.

Although U.S. exports to **Tunisia,** 7th-ranking African market for American products last year, reversed the downturn of the preceding year (advancing 7% to $52 million), the strong and growing orientation of the Tunisian economy to Europe, especially the EEC, makes a significant expansion of U.S. commercial exports to this country unlikely. Discrimination against U.S. commercially-financed exports will increase as the result of the 1969 association agreement with the Common Market. Nevertheless, U.S. sales in this market wil continue to benefit from assistance programs augmented by the devastating floods Tunisia experienced last fall.

Survey teams report

Two U.S. government-business survey teams visited Africa in the first half of 1970, to explore the potential for U.S. business with the developing countries of the continent. Their conclusion: despite the long-range approach that must be taken in this market, substantial business opportunities exist now.

Major contract potentials were identified, and most persons interviewed felt that business prospects for the United States in this part of the world, while beset with challenges, are nevertheless favorable. They urged that the African market be given greater attention by both business and government to develop the potential which is present.

Survey participants stressed the particular suitability for Africa of specialized trade missions, put together at Commerce initiative to look at specific market situations. The first such activity for this continent, a U.S. Agricultural Development Mission, is being organized to visit perhaps three countries this fall.

XUM

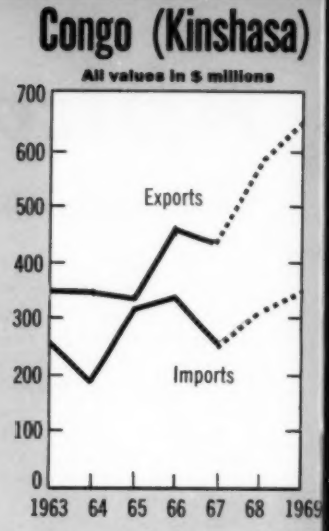
Congo

Increased reserves, rising demand point to more sales of U.S. products

By RAYMOND M. TOLER
Africa Division, BIC

Total ..... $256 million
From U.S. ..... $60 million
U.S. share 23.4%

Total ..... $435 million
To U.S. ..... $42 million
U.S. share 9.5%



Congolese imports should increase in 1970 and, while the U.S. market share has declined over the last several years, U.S. exports to the Congo should show an absolute increase to a level of around $47 million. This increase, a gain of about $4 million over 1969, would partially reverse the disappointing decline in U.S. exports to the Congo for that year.

The projected increase in U.S. exports to the Congo is supported by both the Congolese ability to pay for added imports and by signs of increased demand. Increased foreign exchange reserves combined with continuing high world prices for copper point to an ability to finance a larger import bill, while rising GNP, wage increases, credit liberalization, and high levels of public and private investment indicate a rise in import demand. Given what is in many cases a marked preference for U.S. goods and services, U.S. suppliers should share in any general rise in Congolese imports, although there is still a necessity for them to adopt more aggressive selling techniques if they are to outsell European and Japanese competitors.

Gross national product was at a level of about $1.33 billion in 1968. It is estimated that there was a 6% increase in 1969, resulting in a GNP level of $1.41 billion.

Businessmen are optimistic

There appears to be an increasing confidence in the Congo on the part of both local and foreign businessmen. Despite prevailing deficiencies, such as the lack of adequate economic infrastructure and trained technicians and managers, the outlook for the Congo over the next several years is one of cautious optimism.

Prices in the Congo rose in 1969 by about 13%, with most of the increase centering on agricultural products. Prices for manufactured goods rose only about 5% or 6%. Price developments were outpaced by general wage increases totalling about 30%, so there should be a substantial increase in real consumer purchasing power.

The Congo's 1969 imports totaled an estimated $340 million, up $30 million from the 1968 level. U.S. sales to the Congo in 1969 were $44 million, down from $51 million in 1968. Thus the U.S. share of the Congolese market was approximately 16% in 1968 but only about 13% in 1969.

The decline in market share (the United States for a number of years held 20% to 30% of the Congolese market) is partly due to a drop in the amount of AID and PL 480 financing the United States is providing the Congo. Such financing totalled $33.5 million in FY 1968, but only $11.2 million for FY 1969.

While the Congo is an Associated Overseas Country (AOC) of the European Economic Community (EEC), it does not follow the practice of other AOC's in giving tariff preferences to EEC products. Thus the United States enjoys most-favored-nation tariff treatment in the Congolese market. Also, except for revenue-raising tariffs, the Congo is generally free of licensing requirements, quota restrictions and other import barriers. This liberal import regime is of great advantage to U.S. suppliers, and the non-discriminatory tariff treatment helps put them on more of an equal footing with European competitors.

Imports of trucks, tractor trailer combinations, and parts and accessories are likely to increase significantly over the next several years and will offer an excellent sales prospect for U.S. exporters. The market for other types of transport equipment—including aircraft, locomotives, and boats and barges for transportation on inland waterways—is also expected to expand markedly. In addition, there should be increased demand for machinery for industry and mining. With regard to construction, the United States is in an excellent position to supply much of the earth-moving and excavating equipment that the Congo will require.

CONGO'S CHIEF IMPORTS FROM U.S.: aircraft, construction and mining machinery, wheat flour, mechanical handling equipment, automotive vehicles, engines and parts, tobacco. CONGO'S CHIEF EXPORTS TO U.S.: base metals, coffee, rubber, manganese, palm kernel oil, zinc, wood veneers.

Assisted by high world prices for copper, the Congo's main export, the Congolese set a new balance-of-payments record in 1969, achieving a surplus of $56 million. After three consecutive years of balance-of-payments surpluses, Congolese foreign exchange reserves stood at $226 million at the end of 1969.

With regard to the Congolese Government's budget in 1969, a surplus ($10 million) was achieved for the first time in the post-independence history of the Congo. This healthy budgetary situation will make possible continued high levels of public investment in 1970. Such investment is projected at slightly over $100 million and should have a beneficial effect on U.S. exports.

A favorable investment climate in the Congo is indicated by the publication in July 1969 of a new investment code which grants substantial tax advantages for new investments and guarantees the repatriation of profits and capital. This climate was enhanced in the fall of 1969 by the settlement of the claims arising from the nationalization of Union Miniere copper mines at the end of 1966. The nationalization of these Belgian-owned assets was a unique event, and there is little possibility that it will be repeated against other foreign investments.

U.S. firms selling to the Congo should deal directly with the Congolese importer whenever possible. The Congolese do not look favorably upon the practice of selling to the Congo by means of Belgian intermediaries, and a recent government decision prohibits this practice after the end of 1970.

East Africa

Moderate U.S. sales growth seen; Kenya remains strongest in region

By SUSAN P. HANSEN
Africa Division, BIC

U.S. sales in 1970 to the combined East African market of Kenya, Tanzania and Uganda should register some improvement—approximately 6%—over 1969's $33 million export total.

The American export performance is expected to benefit from large-scale sales of transportation equipment recently ordered by an East African Community corporation; shipment of the equipment should be reflected in late 1970 export totals.

The overall outlook for East Africa's import requirements throughout the rest of the year is mixed. Among the factors which point to continuing high levels of imports is the East African Community's strong economic base. The region's combined gross national product is estimated at slightly over $3 billion and is growing at an average annual rate of 7%. The continuation of GNP growth at this level will necessitate sizable imports of capital goods. U.S. exporters can cash in on these requirements if pricing, financing and servicing are competitive with terms offered by the British, West German, Japanese and other major world trading nations now extremely active in the East African market place.

U.S. sales to East Africa have declined in the past two years, according to U.S. Bureau of the Census returns. U.S. exports to this region in 1969 were valued at $32.6 million, representing a 10% drop from 1968's performance. This decline has resulted in a smaller—6.2%—U.S. share of the regional market. Primarily responsible for last year's losses was the 21% reduction in sales to Tanzania; there was also a combined 7% drop in U.S. exports to Kenya and Uganda.

U.S. exports to East Africa in 1969 were concentrated in the categories of transportation equipment, construction and agricultural machinery, paper and paperboard, organic chemicals, and heating and cooling equipment. These products will continue to have good sales prospects throughout 1970.

The United Kingdom, with an approximate 30% share of this $654 million import market, continues to be East Africa's predominant supplier.

Some disruptions in trade patterns with East Africa have been projected as a result of recent decisions by Tanzania and Uganda to nationalize their foreign trade.

In line with national policies of self-reliance, Tanzania's State Trading Corporation is in the process of taking over all import, export and wholesale trade. This structural changeover, announced in February 1970, is to be completed by the end of the year, probably through a process of limiting the number of brands of a particular commodity available on the local market. As these changes are implemented, exporters may find their products either excluded from the market or the only product available, after elimination of competing brands. Effects of this nationalization program may be more apparent for U.S. businessmen in 1971 after implementation of the program is completed.

Although limited, sales opportunities for U.S. capital goods should develop from the requirements of Tanzania's Second Five-Year Development Plan, 1969-74, which projects expenditures of $1 billion over this time span. Products for the development of the country's roads, telecommunications network, food-processing industries and agricultural production should enable 1970 U.S. sales to reach the $10.2 million mark registered in 1969.

Uganda has also announced widespread government participation in major sectors of the country's economy. (See INTERNATIONAL COMMERCE of May 18, 1970.) In carrying out its plans to nationalize foreign trade, the Ugandan Government has established an Export and Import Corporation. The Corporation is authorizing all former importers as its agents, in a measure which will be effective until Dec. 31, 1970. Although the agents may import practically all goods, certain products will require a specific import license from the Corporation; in addition, importers must pay a 1% commission to the Corporation on the total value of these specified goods. Among the most important items included on this "restricted" list are the following commodities: machinery; metals; tractors and agricultural equipment; chemicals, fertilizers and pesticides; clothing and footwear; and trucks, automobiles and buses. Responsibility for inter-Community trade with Kenya and Tanzania has been retained by the trade corporation.

Kenya continues to be our leading market in the region, accounting for $19 million of U.S. exports in 1969. Kenya's market attractions arise not only from a projected growth rate of 6.7%, and a five-year development budget of approximately $504 million, but also from Kenya's promising economic performance during the first quarter of 1970, sparked largely by heavy rains and increasing attention to local manufacturing and construction. Plants for the production of textiles, rubber tires and rolled steel products were inaugurated during this period.

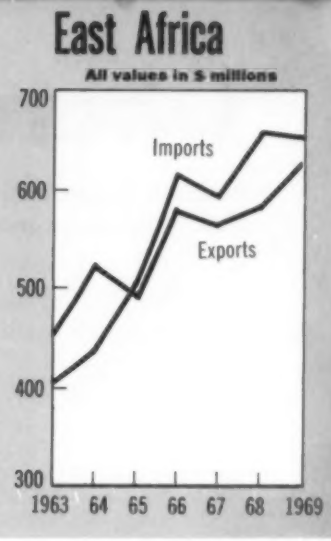
National spending in line with the objectives of the 1970-74 Development Plan, announced in December 1969, will probably be concentrated on the rural sector to accomplish greater agricultural output. Emphasis on improved irrigation, roads and electrification will provide opportunities not only for sales of equipment, but also requirements for U.S. technical and managerial skills.

Imports 1969

Total ..... $654 million
From U.S. ..... $41 million
U.S. share 6.2%

Exports 1969

Total ..... $606 million
To U.S. ..... $78 million
U.S. share 12.8%



EAST AFRICA'S CHIEF IMPORTS FROM U.S.: transport equipment, construction and agricultural machinery, paper and paperboard, organic chemicals, heating and cooling equipment. EAST AFRICA'S CHIEF EXPORTS TO U.S.: coffee, tea, pyrethrum, cordage, food preparations.

Ghana

Modest rise in imports forecast; U.S. exporters can expand sales

By WALLACE HOLBROOK
Africa Division, BIC

Imports 1969

Total ..... $351 million
From U.S. ..... $58 million*
U.S. share ..... 16.5% *

Exports 1969

Total ..... $389 million
To U.S. ..... $49 million*
U.S. share ..... 12.6% *

*Estimated

A moderate increase in imports by Ghana is forecast for 1970. Ghanaian import policy, effectively carried out through a system of trade controls, emphasizes purchase of raw and semi-finished materials, spare parts and capital equipment. Purchases of many U.S. commodities by Ghana will expand in 1970 but the overall total of U.S. imports is not expected to rise because sales of alumina, once the principal U.S. export to Ghana, have been declining.

The democratically-elected Government that took office in October 1969 under Prime Minister Busia is subject to pressures from the voters for improvement of the standard of living and alleviation of unemployment. The Government is also committed to an expanded program of development. Fully meeting these demands would require substantial expansion of imports. Prospects for an expanded level of exports to cover greater external purchases do not seem favorable in a period of declining cocoa prices. Ghana's large foreign debt seems to rule out the prospect of financing any substantial increase in imports by further credits.

For the first time since 1965 the growth in real GNP ran ahead of the population increase, rising by 5% in 1969 to $2.1 billion (1968 prices). The new Government is determined to increase the growth rate by policies assisting both agriculture and industry. Manufacturing output rose 29% in 1969 mainly as a result of government policy allowing increased importation of raw materials and spare parts. Nevertheless, there still exists substantial idle capacity that the Government seeks to utilize.

In the current period of transition the mood of business is generally "wait and see." The development plan of the new Government will appear in about a year. The Ghana Business Promotion Bill, requiring greater ownership by Ghanaians of local business, will probably be adopted this summer. The outlook of foreign businessmen will be influenced considerably by the way this law is administered. The eviction of 70,000 non-Ghanaians in 1969 has had upsetting effects on market commodities and road transport.

Cost of living indices, both wholesale and consumer, have been rising by more than 10 points a year since 1966. This is a greater rise than U.S. prices have undergone. However, U.S. suppliers face substantial price competition from British, Japanese and Common Market firms. Due to Ghana's foreign exchange shortage, the Government requires imports into Ghana to be financed under 180-day credits. Many sales are lost because U.S. suppliers are unwilling to offer such extended credit.

Ghanaian imports and exports rose substantially in 1969. The U.S. maintained its share (16% of the import market in comparison with the past year's performance. Ghana's other major suppliers, the United Kingdom, West Germany, Japan and the Netherlands also shared proportionately in the increased sales.

The network of controls by which the Ghanaian Government regulates imports into the country will not in all probability undergo major revision in 1970.

However, there may be selective liberalization, by movement of commodities onto the Open General Import License list, for which no import license is required and for which in most cases foreign exchange is made available immediately, waiving the 180-day payment delay. As a result of action taken in 1969 to relieve consumer demand, sugar, rice, milk, corned beef and tuna fish were added to the list of imports given such preferential treatment.

In the last decade imports by Ghana of raw materials and capital equipment have risen while purchases of consumer goods, durable and nondurable, have declined. This shift reflects mainly Ghanaian Government import policy as well as replacement of some consumer imports by local manufacture.

GHANA'S CHIEF IMPORTS FROM U.S.: alumina, cotton fabrics, tires, petroleum products, rice, animal oils and fats, cotton, tractors, industrial and construction machinery, air conditioning. GHANA'S CHIEF EXPORTS TO U.S.: cocoa, aluminum, manganese ores, lumber, industrial diamonds.

Sales leaders

Among the items imported into Ghana in significant amounts showing the fastest growth are chemicals and pesticides, medicaments, synthetic dye, telecommunications equipment, chassis for passenger cars, and semifinished materials and machinery for the textile industry.

The AID Commodity Import Program has been a major factor in the expansion of U.S. exports to Ghana. Among the U.S. origin commodities that have figured in large amounts under this program are petroleum products, rubber tires and tubes, track laying tractors, excavating, mining, construction, lifting and loading equipment. Also shipped under this program have been substantial quantities of synthetic fibers, outboard motors and parts, cooling equipment, electrical and hand tools, grain processing and shortage facilities. Substantial shipments of cotton and cotton products, tallow, and wheat/wheat flour are made under PL-480 agreements.

The Ghanaian Government encourages investment in sectors which call for high capital investment, relatively advanced technology or skilled management. There is nevertheless a growing demand for Ghanaian participation in business and management which potential investors must take into account.

The Second Ghana International Trade Fair will take place in Accra Feb. 1-14, 1971 with the theme "Africa Progresses." No Department of Commerce participation is planned but U.S. firms are encouraged to attend or participate as a means of entering the African market.

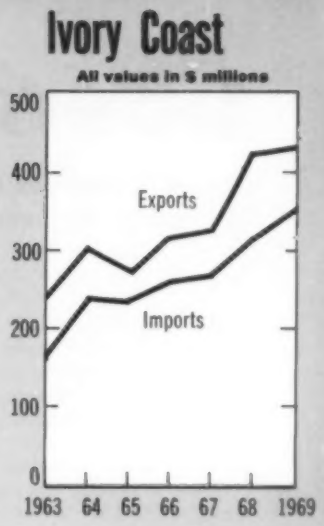
Ivory Coast

Trade and industry lead expansion; prospects are excellent for U.S. sales

By WALLACE HOLBROOK
Africa Division, BIC

Total ..... $354 million
From U.S. .... $26 million*
U.S. share ..... 7.5% *

Total ..... $430 million
To U.S. ..... $51 million*
U.S. share ..... 11.8% *
*Estimated



Ivory Coast imports should rise substantially in 1970. All categories of products will share in the increase with capital equipment leading the way. The United States is in a favorable position to expand its share of the market (7.5%), thanks to increasing familiarity with U.S. products and greater activity by U.S. companies in Ivory Coast. Also, export credits of $36.5 million have been made available by the Eximbank for the Bandama Dam project in the interior of the country being built under the supervision of Kaiser Engineering.

In 1969 Ivory Coast enjoyed its largest trade surplus, with total exports and imports rising to record levels. Industrial expansion was accompanied by a construction boom. Bumper crops were forecast for coffee and cocoa in 1969/70. Foreign investment rose and the first U.S.-owned factory was due to begin production by the end of 1970.

Ivorian gross national product rose (8%) to an estimated $1.3 billion in 1969, gving Ivory Coast one of the highest per capita ratios in Africa. Since 1960, GNP has increased at an annual average rate of 7% per annum, and a similar expansion is forecast for 1970. Leading this upsurge has been the industrial sector, whose annual growth in business turnover has averaged 20% since Ivorian independence in 1960.

An aura of confidence and satisfaction in solid achievement pervades business and government circles. An impressive "Expo 70," a week-long industrial exhibition, was held in Abidjan in April of this year. Over a hundred exhibits from Ivorian businesses were mounted, confirming Ivory Coast's claim to be the most important center of industry in French-speaking Africa. The new port being built in San Pedro will provide an outlet for the underdeveloped resources of that area. The Bandama dam project (175 MW) will double the country's present generating capacity. Significant expansion of palm oil, rice and cotton has been achieved in the effort to lessen dependence on the major export crops of coffee and cocoa.

Some gain in prices

There has been some increase in domestic prices, partly as a result of the 11.1% depreciation of the Ivorian currency in August 1969 following similar French action. Across-the-board wage increases of up to 25% took effect in January.

Both exports and imports rose to record levels in 1969. In the past decade Ivory Coast has consistently enjoyed a balance of trade surplus which rose to an all-time high in 1969, due to an upsurge in timber exports.

In 1969 France was the Ivory Coast's major trading partner, but, continuing the trend of recent years, her share of the market dropped in 1969 to 47%, compared with 51% in 1968.

West Germany and the United States have been the leading contenders for the second trading partner position. The German share approached 9% in 1969, contrasted with 7% in 1968. U.S. sales accounted for 8% of the market in 1969, up from the 6% registered in the previous year. The greatest gain in imports was registered by capital equipment, which rose by a whopping 36% in 1969 contrasted with 1968. Raw materials, semi-finished goods, consumer and finished products also shared in the increase, rising about 9% by value.

Hard sell needed

Despite the advantages afforded France and other member countries (reverse preferences, liberalized import quotas) as a result of Ivory Coast's association with the Common Market under the Yaounde Agreement, the United States and other countries have found it possible to expand their share of the market. Nevertheless, the proximity of European suppliers is a natural advantage that U.S. exporters must overcome by quality, price and aggressive salesmanship.

Manufactured goods afford excellent opportunities for expansion of U.S. exports to Ivory Coast. Between 1965 and 1968 the value of such purchases from the world by Ivory Coast rose 33% to $234 million. The largest increase was registered by tractor purchases, reflecting their use in development projects, lumbering and construction. These activities also account for much of the high demand for excavating and leveling machinery, as well as lifting and loading equipment. The expanding economy demanded increasing imports of passenger motor vehicles, parts and rubber tires.

Topping the list of semi-finished materials imported in substantially increased quantities were cotton and synthetic cloth, kraft paper, aluminum plate, plastics, and synthetic organic dye. Medicines and pesticides also registered substantial advances during the 1965-68 period.

The high rate of investment in Ivory Coast (16% of gross domestic product) has been a major contributing factor to its rapid development. Ivory Coast welcomes foreign investment and offers tax and customs benefits to firms that qualify as "priority" industries under the liberal investment laws. Union Carbide is constructing a dry cell battery factory in Ivory Coast due to go into production at the end of the year. Prospects for a trade surplus in 1970 are good, as the forecast is for larger harvests of coffee and cocoa than in the previous year—a year that yielded a record surplus. Ivory Coast will have ample reserves available to purchase the raw materials, capital and consumer goods needed to fuel its expanding economy.

IVORY COAST'S CHIEF IMPORTS FROM U.S.: tractors, construction equipment, vehicles and parts, mechanical handling equipment, air conditioning, kraft paper, cotton fabrics. IVORY COAST'S CHIEF EXPORTS TO U.S.: coffee, cocoa, lumber, veneer, fish.

XUM

Liberia

United States continues to hold first place in market that shows steady growth

By JOANNE B. KAY
Africa Division, BIC

The United States will have no difficulty maintaining its commanding lead in sales to Liberia; however, competition from other suppliers has gradually eroded the American share of the market. U.S. exports will increase moderately and should be in the neighborhood of $49 million for 1970.

While no major developments are foreseen which might radically improve the trade outlook, Liberian imports should continue to register the steady growth which has taken place since 1968. The forestry, fishing and mining sectors offer promising sales and investment opportunities as the economy expands from the traditional concentration on iron ore and rubber production. International loans for port, airport and power projects will also generate sizeable imports, particularly of capital goods and construction equipment. It is anticipated that the Government's improved financial condition will permit augmented spending on new projects, as will increasing export earnings.

Liberia is implementing a financial reform program, with the assistance of the International Monetary Fund. The Government has thereby reduced the impact on the economy of the substantial repayments now being made on foreign debts acquired during the expansionary period of the 1950's and 1960's.

The Liberian economy appears to be well on the way to recovery from the slowdown which occurred in 1968. Economic growth averaged 5% during the early to mid-1960's, but accelerated in the last few years. Estimated 1968 GNP was $254 million. Future growth will likely be moderate, but steady.

Traditionally liberal trade and payments regulations and "open door" investment policies, as well as its history of political stability, have long attracted international trade and investment to Liberia, despite the relatively small domestic market. No changes in these attitudes toward foreign business are presently contemplated.

Liberia, with its solidly pro-U.S. market orientation, is one of America's best customers in Africa. The United States continues to encounter only minimal challenges to its hold on the top position in the Liberian import picture. The large number of Americans resident in the country and investments in rubber and iron projects, in addition to traditional preferences for American products among the upper income levels of the Liberian population, are primarily responsible for this situation. The United States does, however, face increasing competition from third country suppliers of lower priced goods who are more willing than American exporters to ship the smaller quantities required by Liberian importers. As a result, a larger segment of the population is becoming increasingly familiar with consumer products, in particular, from European and Asian sources, and the U.S. market share, which formerly averaged 44%, was only 39% in 1968.

U.S. census figures for the first four months of 1970 indicate that American exports to Liberia are showing renewed strength. Sales have thus far risen 46% over the comparable period in 1969. Notable gains were registered by rice, petroleum products, tobacco manufactures, medical supplies, cotton textiles, transport equipment and metal manufactures. Other commodities which have promising prospects include: power generating equipment, electrical machinery, construction and mining equipment, pumps and centrifuges and several consumer items.

Export earnings up

Liberia's ability to import will be influenced by earnings of the country's two most important exports, iron ore and rubber. In 1969 iron production continued its steady climb and reached a new high of 22.8 million metric tons. Exports rose by 9% to 20.7 million metric tons. The likelihood of a world price rise, combined with predictions of greater outputs in 1970, will again boost the iron industry's value to the nation. Intensive explorations being carried out by several mining companies could lead to new investments requiring extensive imports of mining and earth-moving equipment, along with current imports of replacement equipment. The outlook for rubber earnings is optimistic.

Important developments in other sectors of the economy could have significant impact on future imports. Exploitation of 3.2 million of Liberia's 9 million acres of timber is progressing rapidly. Approximately 61.1 million board feet were harvested in 1969 compared with 18 million in 1966. Government policy emphasizes local manufacture of finished and semi-finished products. Further sales opportunities are materializing for cutting, loading, transport, sawmilling and manufacturing equipment. Timber development has resulted in requirements for road building and port cargo handling equipment. Substantial growth has recently occurred in the fishing industry in size of landings and construction of shrimp and fish processing plants. Additional purchases of American boats and plant equipment are forecast. Three U.S. firms hold off-shore oil concessions and are examining the feasibility of commercial development of Liberian reserves. Other firms are surveying barite and kyanite deposits.

International loans offer excellent sales possibilities. A $7.4 million World Bank loan will finance generating installations, transmission lines and consulting services for a power expansion project. Another project is improving Monrovia Port facilities. Roberts International Airport is being modernized with an AID loan.

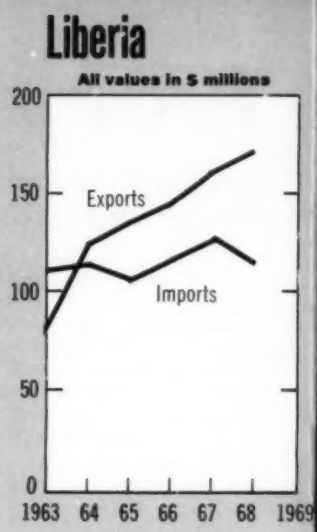
LIBERIA'S CHIEF IMPORTS FROM U.S.: rice, construction and mining machinery, road motor vehicles, agricultural tractors, metal structures and parts, tobacco manufactures, finished rubber goods. **LIBERIA'S CHIEF EXPORTS TO U.S.:** iron ore, crude rubber, coffee, diamonds.

Imports 1968

Total ..... $109 million
From U.S ..... $43 million
U.S. share 39%

Exports 1968

Total ..... $169 million
To U.S. ..... $44 million
U.S. share 26%



Libya

Interim plan to provide economic boost; Libyanization acts limit foreign role

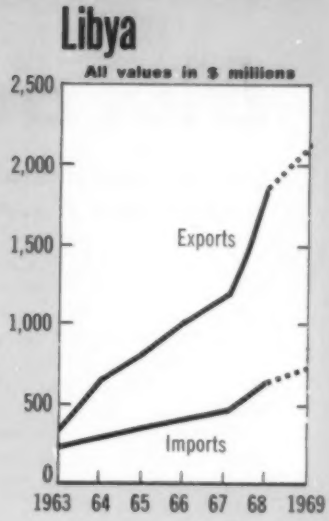
By MAUREEN R. SMITH
Africa Division, BIC

Imports 1969

Total ..... $720 million*
From U.S. ..... $134 million
U.S. share 18.6%*

Exports 1969

Total ..... $2,120 million*
To U.S. ..... $111 million
U.S. share 5.2%*



Reflecting a lull in petroleum sector activity, and barring a dramatic reversal in the current low level of other private-sector investment, U.S. sales to Libya are expected to decline during 1970. Year-end U.S. sales probably will not exceed $110 million, a figure only slightly below the 1968 total.

Recent estimates indicate that close to 60% of U.S. exports to Libya are directly tied to the ordinary and exploration activities of U.S. oil companies. Although there is no straight line correlation between the two factors, the significant decline in new drilling and diminished production from more mature fields which began late in 1969 suggest that U.S. exports of equipment and supplies for the petroleum sector will be considerably reduced in 1970.

U.S. sales of construction machinery and industrial equipment to private-sector buyers will undoubtedly suffer the adverse effects of the uncertain business climate which followed the new Government's espousal of "Arab socialism." It remains to be seen, however, whether losses in this area will be balanced by heavy Government spending for development, in line with the recently-announced $560 million Interim Plan. Prospects for sales of agricultural supplies and equipment seem especially promising, particularly if U.S. consultant firms should be awarded contracts for comprehensive agricultural resettlement schemes involving expenditures of close to $45 million.

Also on the positive side, prospects are bright for the sale of two Boeing 727's to Libyan Arab Airways, although it is doubtful whether delivery can be effected before the end of the year. In the interim, three large transport aircraft worth approximately $9 million are scheduled to be delivered in 1970.

Petroleum earnings, the major component of Libyan GNP, probably will lag slightly behind the predicted $3.6 million daily average for 1970. As a result, GNP probably will not exceed $3 billion, some 7% over the record $2.8 billion figure for 1969, but somewhat below earlier predictions. In addition to petroleum and ancillary industries, some modest growth will probably be evident in the construction, transport and communication and public administration sectors. Structural resistance in the agricultural sector will probably keep the increase in farm output below the average for the economy as a whole.

Following the Government's announcement of a $560 million Interim Development Plan, it now appears that local business confidence, disrupted in the wake of last September's revolution, may improve toward the end of the year. Construction contracts for Plan programs, including $226 million in housing, transport and communications and public works, and more than $57 million in industrial projects, are now being offered for bids, providing a badly-needed boost to the local economy. Firms in the non-petroleum sector are also encouraged by the Government's display of interest in fostering industrial development.

In line with the Arab socialist philosophy of the new regime, the role of private enterprise is expected to be limited to small-scale undertakings and joint ventures with government entities in medium-scale projects. Large industrial enterprises will almost certainly be reserved to the public sector.

Foreign investors are expected to adopt a more cautious attitude, particularly following recent Libyanization measures limiting foreign participation in Libyan corporations to 49% and barring foreign ownership of partnerships or limited partnerships. Most potential investors are reported to be following the posted price negotiations between the Government and the U.S. oil companies currently in progress. Results of the talks will probably be regarded as a barometer of future policies toward private foreign investment.

LIBYA'S CHIEF IMPORTS FROM U.S.: pumps and centrifuges, gas turbines and parts, construction and mining machinery, iron and steel pipes and fittings, heating and cooling equipment, road motor vehicles, scientific and optical apparatus. **LIBYA'S CHIEF EXPORTS TO U.S.:** crude petroleum, residual fuel oil.

Although meaningful Libyan data for 1969 are not yet available, U.S. figures show total U.S. sales amounting to $134.1 million, a 16.7% increase over 1968.

These data in large part represent orders placed prior to the September 1969 change of government and in themselves probably do not justify an optimistic prognosis concerning future U.S. market prospects in Libya.

Early U.S. figures for the first four months of 1970 show exports amounting to $49 million. Even after discounting for extraordinary special category shipments of close to $10 million, this figure is still some 28% over the comparable 1969 total. Balancing slight losses in construction and mining equipment and heating and cooling equipment, the United States scored a substantial $5 million gain in exports of pumps and centrifuges, reflecting the heavier capital investment required for exploitation of more mature oil fields. Smaller gains were also registered in electrical generating equipment, transport equipment and telecommunications apparatus. Prospects for continued growth in this area appear good as the recently-announced 1969/70 budget allocates close to $12 million for telecommunication projects linking more remote sections of this vast country.

For the remainder of the year, oil field equipment and supplies and machinery and equipment for the petrochemical industry will constitute the bulk of U.S. exports to Libya although the absolute dollar value of these sales will almost certainly be diminished.

XUM

Morocco

Cereals, agricultural equipment, aircraft should boost U.S. trade total in 1970

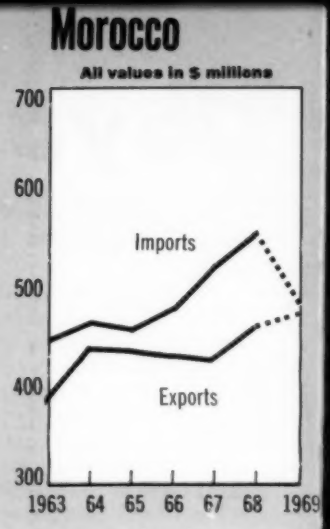
By MAUREEN R. SMITH
Africa Division, BIC

Imports 1969

Total ..... $473 million*
From U.S. ..... $53 million
U.S. share 11.2%*

Exports 1969

Total ..... $467 million*
To U.S. ..... $9 million
U.S. share 1.8%*
*Estimated



Following last year's disappointing performance, current indicators give hopeful signs of a significant increase in U.S. sales to Morocco during 1970. Based on early trade returns, the year-end figure may well top the $70 million high mark set in 1968.

Prompted by the Government's new liberalized Import Program for 1970, and the first balance of payments surplus in recent years, Moroccan importers are expected to be buying more on world markets. Local demand trends indicate that U.S. suppliers will take a substantial portion of these new sales.

Several key Moroccan agricultural areas sustained severe losses in the wake of damaging floods which hit the region last January, and emergency shipments of cereals and vegetable oils will undoubtedly constitute a major part of total U.S. sales. Agreements already signed covering wheat, cotton seed oil and soybean oil indicate that approximately $18 million in U.S. surplus agricultural commodities will be sold in Morocco this year. Pending requests for additional wheat and vegetable oil shipments could raise this figure substantially.

U.S. exports to the agricultural sector should increase sharply during the months ahead, as the Government begins drawdowns on a $46 million IBRD loan for agricultural irrigation projects, and a $5 million U.S. AID agricultural sector loan tied to U.S. procurement. Under the latter loan, approximately 130 different U.S. exports are eligible for financing.

Prospects for U.S. sales of construction and mining equipment also appear unusually good, based on expansion plans released by the Government phosphate monopoly, a major consumer of U.S. mining equipment. Competitive U.S. road building equipment is also expected to be in demand, as the Government launches an extensive highway program, with partial IBRD financing.

International donor assistance may also mean heavier sales of U.S. industrial equipment as several key development projects cited in the country's Five-Year Plan get underway with the help of a $15 million IBRD loan. U.S. AID is also providing $3 million for imports of U.S. industrial equipment, to be administered by the Banque Nationale pour le Developpement Economique.

Opportunities for the sale of U.S. metallurgical equipment appear to be particularly good. Plans currently underway call for investment of close to $100 million in a steel mill and iron ore pelletization complex, in which U.S. suppliers are expected to participate.

Finally, a major portion of the anticipated U.S. export gain is attributable to delivery of an Exim-financed 727 to Royal Air Maroc in May. Early delivery of a second Boeing, currently slated for February 1971, would boost the U.S. total by an additional $8.6 million, but is not included in the current projection.

Attitude is positive

As reflected in the continued heavy spending on investor goods, business confidence remains high. Severe setbacks in the agricultural sector during 1969 have been balanced by strong growth in other areas and current estimates place GNP slightly above the $2.5 billion mark, virtually unchanged relative to the 1968 figure but some 12% over 1967. For 1970, flood losses in the agricultural and mining sectors will probably preclude any but the most modest expansion in GNP.

Industrial production rose by about 6% in 1969, largely as a result of the purchasing power generated by the exceptional cereals crops in 1968. The leading textile and automotive industries reported especially good earnings and expansion plans announced for 1970 point to new market openings for U.S. suppliers of textile machinery and raw materials.

The relatively high level of U.S. exports projected for 1970 runs counter to the declining trend in Moroccan sales established in 1969. Moroccan data for that year show U.S. exports amounting to $42.8 million, some 44% below the 1968 total. Due principally to diminished PL 480 purchases, our share of the $570 million Moroccan market also slumped—to 7.5%—and we slipped into third rank among foreign suppliers.

With the resumption of heavier PL 480 commodity shipments, U.S. data for the first four months of 1970 confirm the anticipated upturn in trade. U.S. sales through April amounted to $25 million.

Despite the good prospects immediately ahead, the United States faces growing competition in the Moroccan market, much of it stemming from traditional trading relations with European suppliers.

In this connection, attention is currently being focused on the nine-month old association agreement with the EEC, which grants Moroccan exports favorable access to European markets. The agreement may cause problems for U.S. suppliers, since it also provides for reserved sub-quotas for imports originating within the Common Market.

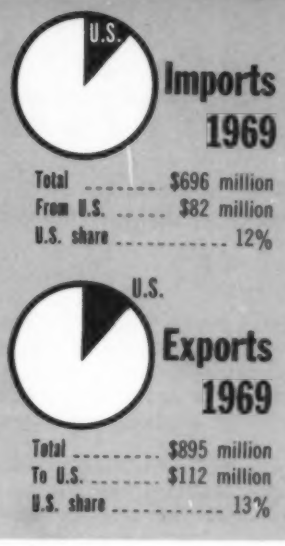
Following the devaluation of the franc and the resumption of French economic assistance to Morocco, closer ties with French suppliers outside the framework of the EEC agreement may prove a greater competitive threat to U.S. exports.

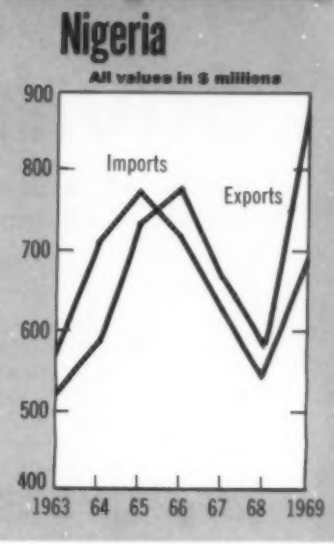
MOROCCO'S MAJOR IMPORTS FROM U.S.: construction and mining machinery, wheat and wheat flour, vegetable oil; iron and steel plates and sheets; raw textile fibers and waste; raw cotton; tobacco and tobacco manufactures; agricultural machinery and equipment. **MOROCCO'S MAJOR EXPORTS TO U.S.:** manganese ore; fruits and vegetables; zinc ore; crude vegetable materials; canned fish; essential oils and perfumes; olive oil.

Nigeria

Outlook promising as recovery begins; U.S. suppliers face keen competition

By JOANNE B. KAY
Africa Division, BIC





With the return of peace to Nigeria, the United States has an opportunity to dramatically increase its sales to the most promising market in tropical Africa. American exports in excess of $100 million are forecast for 1970; the outlook for succeeding years is even more favorable.

Nigeria's import picture will continue to improve during the year as the nation turns its energies toward reconstruction programs, which will require large inputs of foreign capital and equipment, and to the resumption of economic development. The Federal Military Government has already begun to relax trade restrictions imposed during the war in order to relieve shortages of essential materials. Additional inducements are being offered to attract urgently needed foreign investors. Substantial imports of capital equipment will be utilized due to expanded activity in key industries such as oil and construction.

Events since the conclusion of hostilities in January have demonstrated that the foundations of the Nigerian economy escaped permanent damage. Output from the oil industry, potentially the major supplier of foreign currency, has doubled to over one million barrels per day, placing Nigeria among the world's top ten producers. The agricultural sector again supplies most of the country's food needs and the value of principal export crops surpass pre-war levels in almost all cases. Import restrictions, as well as growing consumer demand, have contributed to the expansion of industrial capacity.

The war brought serious difficulties, however, which must be resolved. The Government is directing priority attention to the restoration of vital services in the war zones and to the refurbishment of overburdened infrastructure throughout the country. Programs are under way to rehabilitate housing and commercial structures, power, water and transport facilities.

Foreign exchange reserves remain low, although the situation is not as critical as a year ago due to reduced defense spending and improved petroleum earnings. Inflation has caused the Government to permit a greater flow of imports.

The Government will retain economic controls to ensure that resources are used to promote development in this critical period. Details of the four-year $3.4 billion National Reconstruction and Development Plan, previously announced, are under preparation. Nigeria's conscientious approach to her overriding problems is paying off. Banks and ports in the Eastern States have reopened, schools are in operation and normal market channels are being reestablished. A crash program has drastically reduced congestion in the port of Lagos.

The business community, much more optimistic than last year, is increasing investment outlays. Nigeria is attracting widespread interest among foreign investors and has already received several large international development loans. Whereas growth rates prior to 1967 averaged 4%, and GNP reached $5.1 billion in that year, rates over 7% are projected for the 1970's.

The general economic improvement is mirrored by an upswing in foreign trade. The United States can go far toward regaining its record 16% share ($116 million) of the Nigerian import market achieved in 1966, if exporters seek out opportunities and adjust to present conditions. Sales from America reached $82 million in 1969, up 33% over 1968, surpassing the 29% rise in total imports. However, the 12% U.S. market share is being challenged by West Germany with 11%. Now is an opportune time for American exporters to reestablish contacts with reliable Nigerian firms in order to effectively compete with European and Asian traders.

Recent modifications in Nigerian import regulations removed building supplies, many types of machines and motor vehicles except cars from the restricted list; reduced tariffs on a variety of commodities; and cut back the surcharge on all imports fom 7½% to 5%. Import licenses will be issued where shortages exist, including 16,000 for cars, and the Government will import cement and building materials in bulk. Despite the Government's policy of gradual liberalization, many trade and exchange controls will continue in effect in the foreseeable future to assure the availability of sufficient foreign currency. Under present circumstances the best sales prospects for 1970 include petroleum equipment, construction supplies, transport equipment and non-electrical machinery.

NIGERIA'S CHIEF IMPORTS FROM U.S.: cereals, iron and steel tubes, pipes, fittings and rods, pumps and centrifuges, construction and mining machinery, transport and communications equipment, medical supplies. NIGERIA'S CHIEF EXPORTS TO U.S.: petroleum, cocoa, rubber, hides, skins, coffee, tin.

Concessions to investors

Similar concessions to investors make Nigeria an attractive site for industrial ventures. Firms will be allowed to repatriate $28 million this year in profits and dividends which were blocked during the war, with one-third of this amount effective immediately. Companies reestablishing war-damaged businesses are eligible for capital allowances and tax incentives.

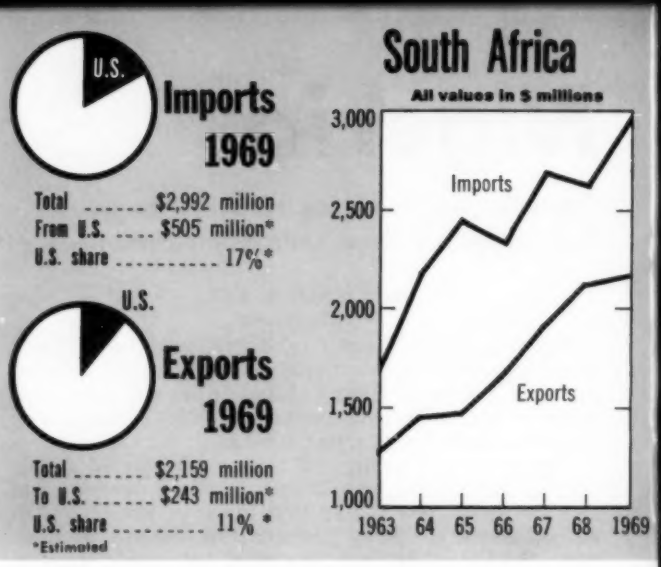
The Government emphasizes increased Nigerian involvement in industry with a goal of 35% local employment and capital participation. Nationalization has not been contemplated in Nigeria where foreign investment is encouraged as a means of rebuilding and expanding the economy. Priority areas for industrial development are agro-related industries, petrochemicals, textiles and establishment of an automobile assembly plant.

XUM

South Africa

Record U.S. export sales expected; business confidence remains high

By JAMES T. DOYLE
Africa Division, BIC



U.S. firms should have another banner year of sales to South Africa. U.S. exports in 1969 reached a historic high of $505 million. Four month data for 1970 indicate that U.S. sales are running 12% ahead of the comparable 1969 period. Total U.S. exports to South Africa in 1970 could reach $545 million.

Overall import growth will be largely due to the continuing growth of consumer demand and new investment. Both of these categories are likely to match the 10% expansion recorded in 1969. Reserves of foreign exchange and gold are adequate to support a strengthened import market. No significant new import controls are forecast; indeed, some easing of import controls may occur.

The South African GNP reached nearly $16 billion in 1969. This represents real growth of 7% over 1968. The outlook for the economy in 1970 is for continued expansion, again meeting or exceeding the 5.5% target. Most major sectors of the economy appear to be continuing the fast pace set in 1969, when private consumption and gross fixed investment rose by 10%. Retail store business remains good. Car and truck sales are expected to taper off later in the year, but for the first two months of 1970 were running nearly 15% ahead of the same 1969 period.

As a result, business confidence for this year remains high. Nevertheless, soft spots are beginning to appear. New investment appears to be going mainly into the building, mining, agricultural, and financial sectors, while investment in new manufacturing capacity fell by 11% in 1969. The labor shortage, which could be exacerbated by new restrictions on the hiring of black labor, haunts many employers.

Some inflation likely

The growing difficulty in recruiting workers may also play an increasingly inflationary role in the South African economy as competing employers bid up wages. However, the wholesale price index of South African commodities rose at a significantly slower rate in 1969 (1.7%) than in 1968 (3.7%). Government measures to dampen demand have succeeded in limiting inflation from the high rates of the mid-1960's. The consumer price index rose 2.6% in 1969 (excluding sales tax increases), roughly the same as in 1968. Some further modest price increases in 1970 may occur, but these appear likely to be as much due to worldwide inflation as to any purely domestic factors.

Annual growth rates on the order of 10% in consumer demand and gross fixed investment, which were achieved in 1969 and are expected in 1970, have resulted in a steady growth in the South African import market. South Africa's total imports in 1969 were just a shade under $3 billion, a significant increase over the 1968 level of $2.6 billion. Total South African imports for 1970 will exceed the $3 billion mark and may increase as much as 8% over 1969. The U.S. market share has remained around 17% for the past three years and is expected to continue at this level in 1970.

U.S. sales outlook good

A wide variety of capital goods and consumer products offer splendid sales opportunities for U.S. exporters. The South African market for office machinery has tripled since 1962. Bright growth prospects in the motor vehicle, shipbuilding, and farm and mining machinery industries indicate that the demand for machine tools should continue to increase substantially. Control and measurement equipment imports have nearly quadrupled in less than a decade and will continue to expand.

Significant new investment has been going into the building, mining, and agricultural sectors, and, as a result, agricultural, construction, and mining equipment will offer better than average sales prospects to U.S. suppliers. Other capital equipment such as pumps, organic chemicals, and air conditioning and refrigeration equipment also offer excellent prospects for U.S. suppliers.

In the consumer product line, growing consumer purchasing power and the increasing cost of maintaining domestic servants is contributing to a rapidly growing demand for electrical appliances. Home electrical appliances such as washing machines, clothes dryers, refrigerators, food mixers, vacuum cleaners, and home workshop "do-it-yourself" tools will be good sales prospects.

South African holdings of gold and foreign exchange have undergone a slight decline since the beginning of 1970, possibly a reflection of the country's growing trade defiicit. With imports up 21% for the first four months of 1970 over the comparable 1969 period, and exports up only 4%, the trade deficit for this period has risen more than 75%. March foreign reserves at $1.4 billion, however, should continue to be ample for the expected increase in imports.

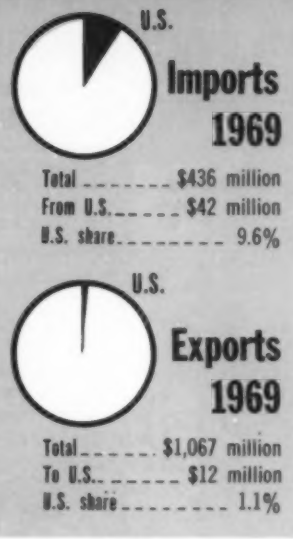
The United States neither discourages nor encourages U.S. firms to invest in South Africa. The United States Government, however, discourages U.S. investments in the territory of South West Africa and will not provide assistance to U.S. firms who invest in South West Africa on the basis of the rights granted by the South African Government since 1966.

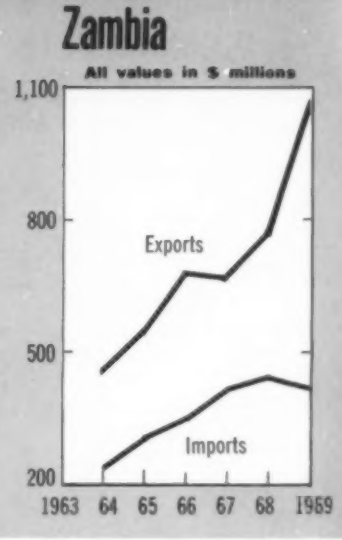
SOUTH AFRICA'S CHIEF IMPORTS FROM U.S.: motor vehicles, aircraft, construction equipment, nonelectric power generating machinery, agricultural machinery, organic chemicals, heating and cooling equipment. SOUTH AFRICA'S CHIEF EXPORTS TO U.S.: diamonds, copper, nickel, shellfish, wool, sugar.

Zambia

U.S. sales to hold former level in 1970; Government outlays may spur late upswing

By SUSAN P. HANSEN
Africa Division, BIC





Favorable indicators for increased Zambian imports are expected to ensure a 1970 U.S. export figure at least equal to 1969's $26 million level. U.S. sales to Zambia may begin an upswing late this year as large-scale purchases of transport equipment and other capital goods, contracted for in early 1970, meet their expected delivery dates.

This outlook is based largely on increased Zambian Government budget expenditures and impressive foreign exchange reserves accrued in 1969.

The expanded national government budget for 1970, which follows a reduction in FY 1969 budgeted public spending, should provide attractive trade opportunities throughout the year. Governmental expenditure for 1970 is estimated at $549 million, compared with a similar 1969 figure of $463.8 million. Included among projects identified in the budget are the Zambian Government's plans to undertake feasibility studies for an estimated $5.6 million communications satellite earth station, in line with the country's efforts to improve its global communications facilities.

During 1969, Zambia's foreign exchange reserves increased significantly, rising from approximately $196 million to the sizable year-end figure of $366.8 million. These impressive reserves resulted primarily from the high 1969 price for copper, Zambia's principal export, major source of government revenue and largest foreign exchange earner.

Another contributing factor to the growth of foreign reserves was the reduction in Zambian import spending during 1969. Zambia's imports dropped by 4.4% in 1969 to approximately $436 million, while exports, principally of refined copper, soared to $1.1 billion.

Zambia's trading pattern was also changed somewhat as the United Kingdom replaced South Africa as principal supplier to the Zambian market. Purchases from the United Kingdom supplied 23% of Zambia's import requirements in 1969. Although Zambian efforts to divert trade away from southern Africa continue, the Republic of South Africa, now second major supplier, maintained a sizable 22.5% market share last year.

Imports from the United States fell by 9.8%; however, the United States remained the third leading exporter to Zambia, accounting for 9.6% of the country's imports. U.S. exports, which consist overwhelmingly of construction machinery and transportation equipment, suffered as a result of curtailed government spending on public works projects. These categories should find more favorable market conditions this year owing to the greater planned public spending. Sales opportunities for hydroelectric equipment, including turbines, generators, transformers, overhead cranes, and related machinery, have already developed this year in connection with the construction of the Kariba North Bank Hydroelectric Project which is receiving financial support from the IBRD.

Other promising sales categories include mining machinery, mechanical handling machinery and machine tools. Exports of tractors, other farm equipment and agricultural chemicals may increase since the Zambian Government is devoting greater attention to rural development.

U.S. exporters should note that Zambia's market potential is being rapidly recognized by other major trading nations, particularly with the squeezing of South Africa and Southern Rhodesia out of the Zambian market. To counter this growing, strong competition, particularly from Asian suppliers, the successful U.S. businessman should be ready to investigate establishing a Zambian-based outlet for his products or alternatively, be prepared to provide adequate spare parts and service facilities, coupled with prompt, efficient delivery.

ZAMBIA'S CHIEF IMPORTS FROM U.S.: construction and mining machinery, mechanical handling machinery, automobiles, hand and power tools. ZAMBIA'S CHIEF EXPORTS TO U.S.: copper, zinc.

A major reason for this worldwide interest has been the consistent strength of the gross national product. GNP in 1969 was an estimated $1.5 billion in current prices, providing an average GNP per capita of $364. Owing to predictions that the extremely high 1969 price of copper will not be maintained throughout this year, Zambian Government officials do not expect the 1970 GNP figure to exceed the previous year's total.

In measures to maintain the soundness of the Zambian economy, decreased Zambian Government spending was part of the effort to curb inflationary spirals, which had caused prices to increase 11% between 1967 and 1968. Statistics show that these efforts met with some success. Over the first three quarters of 1969, the lower income cost-of-living index declined by 1% and the increase in the cost-of-living index for higher-income groups was limited to 3.5%.

U.S. companies considering investments in Zambia, particularly in such areas as large-scale commercial farming, cattle-breeding or food processing industries, should note the following factors: (1) the company taxation rate is now a flat 45%, replacing the former method of differential rates depending upon the amount of taxable income; (2) restrictions on repatriation of profits, announced in April 1968, have been rescinded, thereby allowing a foreign-owned company to remit up to 100% of post-tax profits; and (3) manufacturing is one of the most dynamic sectors of the Zambian economy. With output in current 1968 prices approximately 20% higher than in 1967, manufacturing has replaced trade and commerce as the second largest production sector.

XUM

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Area and country	1968 Imports			1969 Imports January through latest month			
	From world (million dollars)	From U.S. (million dollars)	U.S. share %	Latest month	From world (million dollars)	From U.S. (million dollars)	U.S. share %
Latin America							
Barbados	84	18	20.8	June	45	10	21.8
Bolivia	152	64	42.2	[1]	[1]	[1]	[1]
Ecuador	244	86	35.0	Sept.	197	61	31.1
Guadeloupe	102	9	9.0	Dec.	107	[1]	[1]
Guyana	110	25	23.2	Nov.	105	23	21.9
Martinique	109	6	5.7	Dec.	127	[1]	[1]
Paraguay	73	15	20.8	Dec.	82	19	22.6
Uruguay	159	36	22.6	Oct.	155	22	14.0
Western Europe							
Iceland	138	15	11.1	Dec.	123	11	8.6
Ireland	1,175	87	7.4	Dec.	1,413	126	8.9
Malta	122	3	2.5	Sept.	108	3	3.0
Portugal	1,178	86	7.3	Dec.	1,231	61	4.9
Far East							
Cambodia	[2]88	[2]3	[2]3.8	Mar.	30	[1]	[1]
French Polynesia	175	23	13.0	Dec.	110	[1]	[1]
New Caledonia	93	6	6.8	Nov.	105	[1]	[1]
Viet-Nam, Republic of	466	136	29.2	July	440	157	35.6
Near East-South Asia							
Burma	108	5	4.6	Dec.	83	[1]	[1]
Ceylon	365	29	7.9	Dec.	427	36	8.4
Cyprus	170	8	4.9	Dec.	203	10	4.8
Iraq	403	17	4.2	Mar.	104	3	3.2
Jordan	159	16	9.8	Sept.	139	11	8.0
Kuwait[3]	611	105	17.1	June	316	[1]	[1]
Southern Yemen	236	4	1.7	Mar.	53	[1]	[1]
Syria	312	21	6.6	May	148	4	2.8
Africa							
Algeria	707	61	8.7	Oct.	780	66	8.5
Angola	308	36	11.8	Nov.	288	29	10.2
Cameroon	189	11	5.7	Dec.	191	11	6.0
Congo (Brazzaville)	84	4	5.2	[1]	[1]	[1]	[1]
Ethiopia	173	32	18.5	Mar.	41	3	7.7
Gabon	65	6	9.6	Feb.	10	1	11.0
Malagasy	170	9	5.0	Dec.	181	12	6.4
Malawi	79	4	5.6	Dec.	84	[1]	[1]
Mauritius	76	2	2.1	Sept.	49	[1]	[1]
Mozambique	208	12	5.7	July	145	9	6.4
Reunion	126	1	0.8	Dec.	147	[1]	[1]
Senegal	180	7	3.7	June	101	5	5.0
Sierra Leone	91	9	9.5	Apr.	33	2	5.8
Sudan	258	6	2.2	Dec.	266	7	2.8
Tunisia	218	44	20.4	Dec.	256	49	19.2

Note: In order to present comparable statistics for all countries, import data for Malawi have been adjusted from an f.o.b. to a c.i.f. valuation.

[1] Not available.

[2] January-September.

[3] Excludes oil company imports.

Sources: Official trade statistics of listed countries. International Monetary Fund, *International Financial Statistics.*

McLellan heads DIB

Robert McLellan has been named Acting Assistant Secretary of Commerce for Domestic and International Business. He replaces Kenneth N. Davis, Jr., Assistant Secretary since February 1969, who has resigned.

McLellan, Deputy Assistant Secretary of Commerce for Business Development, came to the Commerce Department in May 1969. He had served for 20 years with the California-based FMC Corp., and was Vice President of FMC International when he entered government service. He is a Nebraskan by birth and holds an engineering degree from San Jose State College in California.

McLellan has been supervising the coordination of Commerce's Bureau of International Commerce and Business and Defense Services Administration in their programs of industrial analysis, export expansion and industrial mobilization.

Eximbank authorizes loan for Finnish firm

The Export-Import Bank of the United States has authorized a $1.95 million loan to Pekema Oy of Finland to help finance purchases of goods and services from the United States required for construction of a petrochemical plant. Eximbank has also authorized a financial guarantee of a loan of $1,953,000 to be made from sources not yet designated.

Pekema Oy will make a cash payment of at least 10% of the purchase price of U.S. items, which are expected to cost some $4.3 million. Total cost of the project is estimated at $59 million. The balance of the financing required will come from sources in Finland and other foreign countries.

Pekema Oy is a new company formed in March 1969 by eight established Finnish companies to produce and market low density polyethylene and polyvinyl chloride. It is located in Poovoo, Finland, some 35 kilometers east of Helsinki.

Eximbank's loan is to be repaid in ten semiannual installments beginning November 1972 at an annual interest rate of 6% on outstanding balances. It is to be guaranteed by the Government of Finland.

Recruitment under way for more fall specialized trade missions

Pinpointing markets on three continents and widely different products, two groups will go in October and one in November

Recruitment is now under way for three more specialized trade missions, in line with the Commerce Department's expanding fall schedule.

For the first time under the specialized-mission program, business tours are planned for West Africa and South America.

Also for the first time, one of the missions will be pinpointed toward agricultural development. The others are to focus on advanced instrumentation and on service industries—both of which have been represented by earlier missions.

► The first of the new missions, with an application deadline of July 17, is scheduled Oct. 19-31. The group is to represent a broad range of service industries —such as fast foods, hotel-motel operations, rental equipment, dry cleaning, automotive services, car washing, employment agencies, laundry and diaper services, and engineering and construction.

The itinerary—at present not definite —is to include three of the following cities: Caracas, Rio de Janeiro, Sao Paulo, Buenos Aires, Panama City.

Mission members will meet with interested prospects with regard to entering into a variety of business arrangements, such as joint ventures or licensing agreements, generally for the purpose of setting up pilot projects. When the local success of a project justifies expansion, it may be accomplished by means of franchising or other techniques.

The initial reaction of the U.S. industries concerned and the Foreign Service Posts in the target cities indicates a high degree of interest.

► As a significant part of a developing trade promotion program for Africa, Commerce is soliciting volunteers for a proposed agricultural development mission that would visit not more than three of the following nations for a period of two to three weeks in October: Ivory Coast, Ghana, Congo (Kinshasa), Nigeria, or Cameroon. For this mission, applications must be received by Aug. 1.

Firms whose products are in categories covered by the following Standard Industrial Classification numbers are invited to participate: SIC-2879, 2871; 28184, 28349, 20942, 3522, 3423, 37992, 28315, 2042. Some of the products are:

Agricultural chemicals, pesticides and fertilizers; farm machinery and equipment; hand operated edge tools; agricultural production; animal husbandry services; farm transportation equipment; prepared feeds for animals and fowls; veterinary supplies.

► The first specialized mission to visit all the Nordic countries is being formed to assist U.S. producers of advanced scientific industrial and medical instrumentation to develop and expand sales in these attractive and prosperous markets. Deadline for applications is Sept. 1.

Scheduled for Denmark, Finland, Norway, and Sweden Nov. 2-18, the mission will spend at least three working days with major customers in each country. While in Stockholm, the members will have an opportunity to visit the Industrial and Scientific Temperature Measurement and Control Exhibition at the U.S. Trade Center, Nov. 16-21.

To maintain a high level of productivity and remain in a competitive position, each of the countries will continue to utilize instrumentation and computerized equipment in their industrial processes, particularly those industries most important to the countries' economies. In Sweden these are, pulp and paper, metal fabrication, engineering, chemicals, minerals, glass, and ceramics.

The steady and continuing sales growth of industrial process controls and advanced instruments reflects the degree of sophistication in several branches of Finnish industry such as engineering, metals, machinery, ships, paper, chemical and plastic industries.

Several major Danish industries, including the engineering, chemicals and food processing branches are in the market for sophisticated equipment.

Increased competition at home and abroad requires Norwegian industry to strive for greater efficiency in manufacturing and thus provides a growing market for process control equipment and instrumentation.

Duties are uniformly low, there are no import license restrictions, and money is readily convertible to U.S. dollars.

Continuing successes

Current U.S. specialized trade missions are continuing to enjoy successes. The recent U.S. Service Industries Mission to Germany resulted in letters of intent totaling about $1.8 million worth of business. The second Tourist Industry Mission to Yugoslavia resulted in immediate and projected sales of almost $900,000.

Under the specialized missions program, which combines the features of the industry-organized Government-approved and the official Government missions, the members will be doing business for their own firms. The businessmen will pay their own travel expenses; operating costs, except for hospitality, will be paid by the Department. A seasoned Commerce trade specialist will perform the advance work and a director from the Commerce Department will accompany the mission.

To apply for participation in any of these missions, or for additional details, write: Trade Missions Division, BIC-926, U.S. Department of Commerce, Washington, D.C. 20230. Or, telephone collect, area code 202—967-plus, for service industries, x 4715, Merritt Freeman; agricultural development, x 2051, Mrs. Wanda Ale; and advanced instrumentation, x 2005, E. J. Wason.

Schedule being set

Launching the fall schedule of specialized trade missions being organized by the Commerce Department, the first two for the second half of this year were announced in last week's issue.

Electronic data processing to Belgium and the Netherlands, Sept. 12-26, for which the membership application deadline is July 8; and advanced instrumentation to Eastern Europe, Sept. 13-26, with a July 15 application deadline.

In addition to the September missions and those detailed in the accompanying article, as many as four of the following are being considered for the fall: Tourist industries to Mexico; food processing and packaging to Central America; pollution control equipment to Belgium and the Netherlands; pumps, valves and compressors to Brazil; tourist industries to Austria and Switzerland; and automotive maintenance and servicing equipment to Italy and France.

For further information, call 202-967-3904.

XUM

N.Y. investment mission brings European manufacturers to State

·Group finds industrialists abroad interested in U.S. sites; some prospective investors have already reciprocated visit

By HOWARD D. MacPHERSON
New York State Department of Commerce

A New York State "reverse-investment" mission visited Germany, the Netherlands, and France in May.

We found that the State's excellent climate for business growth is attracting the attention of European industrialists seeking locations in the United States for new plants for their expanding businesses. Within ten days after our visit, for example, a delegation was in our New York office for further discussions.

The purpose of our mission was to promote foreign investment in branch plants or other facilities in the State of New York, similar to the successful location of VAW of America, a subsidiary of the German aluminum manufacturer VAW AG of Bonn, in Ellenville, and Dexion Inc., a subsidiary of Dexion, Ltd., in Newburgh.

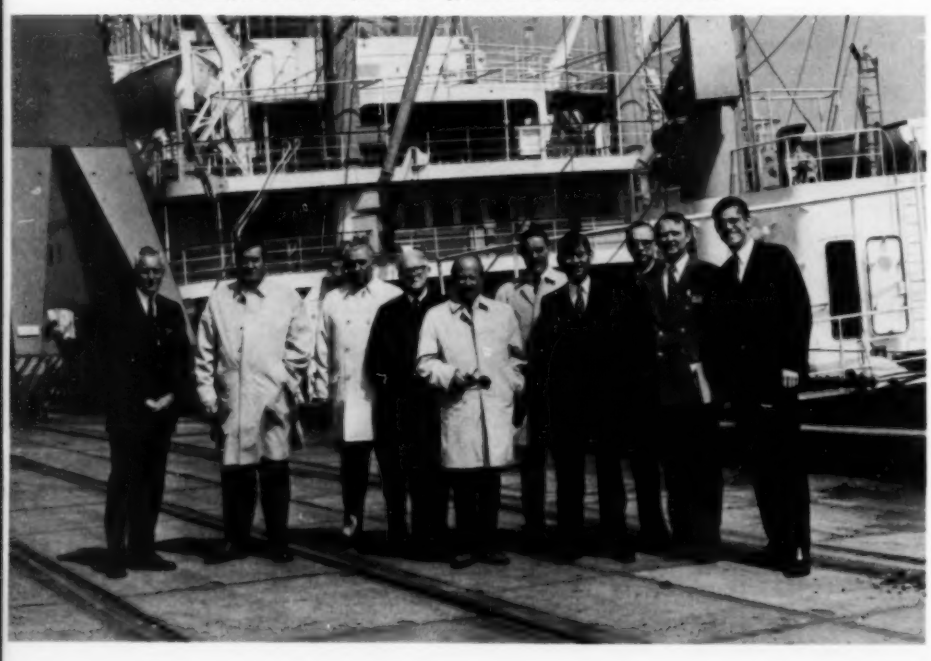
An advance planning team, composed of our Brussels representative, J. Stephen Stanton, and a U.S. attache, Johnson Garrett, stationed at our Embassy in Paris, arranged for us to meet with firms during the ten days we planned to be in Europe.

The mission was received in The Hague by Ambassador William Middendorf and in Paris by Ambassador Arthur Watson. The itinerary also included Hamburg, Bremen, Duesseldorf, Amsterdam, and Rotterdam. Company executives with whom we met were keenly interested, asking cogent, constructive questions.

Visit European manufacturers

Our team was composed of eight members—three State Government representatives and five business leaders from around the State—directed by Commerce Commissioner Neal L. Moylan. Visiting with 70 European manufacturers and business leaders, we explained financing procedures; tax advantages available in the State, its work force including educational and vocational or occupational training, manpower training, and labor surveys available, transportation, power and fuel, industrial science and technology, site selection information, availability of industrial buildings, water resources, community attitudes, raw materials, and pollution control requirements.

AT BREMEN HARBOR, recent N.Y. State investment mission to Europe poses for picture. L. to r., Royal O'Day, Neal Moylan, Charles O'Connor, Howard MacPherson, Hamilton South, Joseph Smith, Stephen Stanton (of Brussels office), L. L. Sweetland, Robert Duffy, Peter Uebe (also of Brussels office).



Quick response

Twelve of the firms visited indicated they would send representatives to New York to secure more detailed locational information and to inspect suggested sites. Two visitors have already been here.

The rapid and continuing advancement of European science and technology impressed the mission members who believe many of the new, innovative products might be utilized in industrial processes in

N.Y. investment mission is State's first

The recent New York reverse investment mission, whose findings are reported in the accompanying article, was the State's first under the industry-organized Government-approved trade missions program of the U.S. Department of Commerce.

New York State business and industrial executives and State Commerce international trade specialists comprised the membership. Participants were:

Robert F. Duffy, Manager, Area Development, Long Island Lighting Co., Ronkonkoma; Royal L. O'Day, President, Marine Midland Trust Co. of Central New York, Syracuse; Joseph E. Smith, President, N.Y. State Industrial Directory, Inc., New York City; Hamilton D. South, Vice President, National Commercial Bank & Trust Co., Albany; Lynn L. Sweetland, President, N.Y. State Association of Industrial Development Agencies and Manager of Industrial Development, N.Y. State Electric & Gas Corporation, Binghamton.

N.Y. State Department of Commerce Commissioner Neal L. Moylan, Mission Director, was assisted by Howard D. MacPherson, Deputy Commissioner and Director of the Division of International Commerce, Charles J. O'Connor, Director of the Bureau of Industrial Development, and J. Stephen Stanton, Director, Brussels office, who served as coordinator.

the United States. We found many European producers of such products eager to confer with us and our industrial development specialists concerning suitable marketing locations in New York State. In view of the increased production costs and high interest rates, together with a labor shortage in many areas, brought about by a rising European economy, there was high interest in establishing production facilities in New York—the center of the U.S. market and a neighbor to the Canadian marketplace.

A highlight of our visit was the announcement from VAW AG, in Bonn, that VAW of America, their subsidiary, would have a $4 million expansion at its Ellenville, New York, location. During the short period of time this firm has been in New York it has become a nationwide supplier of extrusions and billet castings with a total sales volume of $20 million. Its German parent is one of the largest aluminum producers in the world. Its New York operation was of interest to the firms we visited since it is a typical example of the advantages now available in New York State for industrial location.

Our team was also gratified that a French firm, Societe Micro-Turbo, announced that it would soon establish a branch plant in New York State.

Director reports

In his report to Governor Rockefeller on the mission's success, Commissioner Moylan said: "The results of this first investment mission have been beyond any of our expectations. Firms in the Common Market particularly are ready to discuss investment or joint venture possibilities in New York State . . . In most cases, the local management there were not only interested, but wished more particulars about the benefits of setting themselves up in New York State."

He said the team had "uncovered many new trade leads for New York State manufacturers and processors. My industrial development staff will be analyzing the opportunities we have developed on this trip. I am greatly encouraged about our prospects, not only in later years, but in the near future."

The mission is one facet of a continuing international commerce program initiated in 1962 to stimulate exports of New York State industry and agriculture and to encourage industrial location in the State. In the few years it has been in existence the Division has created several hundred millions of dollars in export sales for New York manufacturers and suppliers.

OHIO'S EUROPEAN OFFICE, in Brussels, is expanding its operations as the Toledo-Lucas County and the Cleveland-Cuyahoga County Port Authorities join in to boost Buckeye State exports. According to F. P. Neuenschwander (l.), Ohio Development Director, one of every ten jobs in manufacturing in Ohio is directly related to exporting. Center, above, is Robert Desbergh, American Chamber of Commerce in Belgium, and right, Jerome Lavallee, U.S. Embassy Commercial Attache in Brussels; all attended an open house recently to celebrate the expanded operations.

Industrial relations meeting set Sept. 20-25 in Brussels

Representatives of major multinational companies with operations in Western Europe are being invited to meet in Brussels Sept. 20-25 to discuss industrial relations problems.

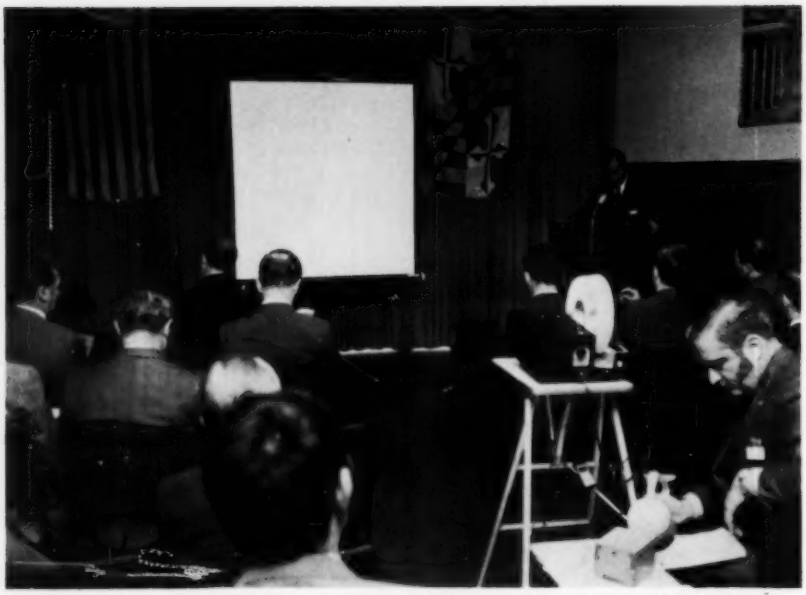
A New York management consulting company, Human Resource Services, Inc. is organizing the conference.

William F. May, chairman and chief executive officer of American Can Co., New York City, will deliver the opening address at the conference. The closing address will be given by Dr. Aurelio Peccei, managing director of Italconsult, of Rome.

For further information **write** William K. Zinke, Human Resource Services, Inc., 110 E. 42nd St., New York, N.Y. 10017.

PUERTO RICO IS SURGING AHEAD with more trade missions. Its 11th industry-organized Government-approved group is just returning from Panama, where it has been promoting sales of Commonwealth manufactured goods. With mission was mobile exhibition (above) in 40-foot trailer built by Sea Land Co. and donated to Puerto Rican Products Ass'n. and Commonwealth Dept. of Commerce, sponsors of the business tour. The exhibition, comprising some 100 product displays, drew potential customers in Jamaica last month, during 10th mission. More are being planned, says Gerard Santerre, Commonwealth official.

XUM



MARYLAND BRIEFING AT FRANKFURT was conducted by William A. Pate, director of the State's Department of Economic Development. Slide presentation helped to tell of Maryland's industrial advantages. Maryland Gov. Marvin Mandel met the Mission, first of its kind for the State, on its visit to London.

Maryland industrial mission to Europe has promising leads

Group led by state official reports interest of 34 firms

The first Maryland Industry and Trade Mission, which concluded a three-week tour of Europe on June 6, was "successful beyond our expectations," according to William A. Pate, Director of the Maryland Department of Economic Development.

Thirty-four businesses and industries contacted by members of the Mission during the trip indicated an active interest in locating in Maryland, Pate said. "Some of these companies have already decided to enter the American market, others are merely in the early stages of exploration," he added. A broad spectrum of products is involved, ranging from small boats and specialty food items to heavy industrial machinery.

The Mission visited seven European business and industrial centers and three major ports during its 21 day tour. Seven presentations were made to a total of approximately 350 European businessmen, industrialists and financial leaders in Brussels, Amsterdam, Duesseldorf, Frankfurt, Paris, London, and Birmingham.

Each session included a 25-minute slide presentation on Maryland and its economic advantages, plus a question and answer period. A press conference was also held in each city by members of the Mission. In addition, members of the Mission had private conferences with individual businessmen in each city.

Pate said that one of the highlights of the tour was the reception given at its Paris headquarters by Groupe Pechiney, the parent company of Eastalco Aluminum Company, now building a new $190 million plant near Frederick, Maryland. The reception was attended by some 30 high-ranking French businessmen, industrialists, financial and government leaders.

The Mission was sponsored by the Chamber of Commerce of Metropolitan Baltimore, the Maryland Department of Economic Development and the Maryland Port Authority. Other organizations represented on the tour were the First National Bank of Maryland; the Baltimore City Department of Economic Development; the Governor's Science Resources Advisory Board; the Queen Anne's County Economic Development Commission; Salisbury-Wicomico Economic Development, Inc.; The Tri-County Council for Southern Maryland; Maryland Properties, Inc.; the Anne Arundel County Trade Council; the Canton Co. of Baltimore; the Potomac Edison Co.; and the Maryland Economic Development Commission.

Agencies combine to aid Indonesian fertilizer plant

AID, IDA, ADB, Japanese unit join to provide $68 million

The U.S. Agency for International Development (AID), the International Development Association (IDA), the Asian Development Bank (ADB), and the Overseas Economic Cooperation Fund (OECF) to Japan are helping Indonesia finance the foreign costs of a fertilizer plant in Sumatra with an annual capacity of 380,000 tons of urea, and a related gas conservation and transmission system.

The project is scheduled for completion by June 1973 at a total estimated cost equivalent to $84 million. The foreign exchange requirements of $68 million will be provided as follows: IDA $30 million; ADB Special Funds $10 million; AID $20 million; OECF $8 million. Local currency costs equivalent to $10.3 million will be provided by the Government of Indonesia; the remainder will be met by PUSRI. All equipment and services financed by IDA and ADB will be procured under international competitive bidding. The United States and Japanese contributions will be tied to procurement in those countries.

The fertilizer project will be carried out by P. T. Pupuk Sriwidjaja (PUSRI).

The new plant will be built adjacent to PUSRI's existing plant on the Musi River near Palembang in south Sumatra. This site permits coastal and inter-island shipments of its output. Natural gas from a field 70 miles to the southwest will serve as feedstock and as fuel.

No textile accord

As this issue of INTERNATIONAL COMMERCE went to press, it was announced that the talks in Washington last week on voluntary restriction by the Japanese of their textile exports to the U.S. had not reached agreement. Participants in the talks were U.S. Secretary of Commerce Maurice H. Stans and Japanese Minister of Trade and Industry Kiichi Miyazawa.

CATALYSTS & CHEMICALS received an "E" Star, held by, above left, firm pres. Dr. Ronald E. Reitmeier, Cincinnati Field Office Director Thomas E. Ferguson, and Ky. Department of Commerce Commissioner Paul W. Grubbs. Sidney Wolberg, vice-pres. of Burndy Corp., above, displays his firm's new "E" Star, as, upper right, Hawaii Senator Hiram L. Fong reads "E" award given to David F. Wisdom, head of Wisdom Rubber Industries, Inc. Southwire Co. pres. Roy Richards, right, accepts "E" Star from Deputy BDSA Administrator Richard L. Heffner.

Eight new 'E's fly in five states

Eight "E" and "E" Star awards were recently presented to American firms promoting the sales of U.S. goods overseas. The recipients were: Arthur D. Little, Inc., Cambridge, Mass., management, technical and consulting engineering firm; Burndy Corp., Norwalk, Conn., manufacturer of electric and electronic connectors; Catalysts & Chemicals, Inc., Louisville, Ky., producer of inorganic catalysts; Coppus Engineering Corp., Worcester, Mass., maker of turbines, blowers, burners and valves; Fenwal Inc., Ashland, Mass., manufacturer of temperature controls and adhesive systems; Skinner Precision Industries, Inc., New Britain, Conn., maker of solenoid valves; Southwire Co., Carrollton, Ga., rod, wire and cable producer; and Wisdom Rubber Industries, Inc., Honolulu, maker of tire re-treading equipment.

THREE "E" STARS, below left, were awarded by Commerce Under Secretary Rocco C. Siciliano, second from r., to Duane Feeley for Arthur D. Little, Inc.; Raymond Forkey, head of Coppus Engineering; Mass. Governor Francis W. Sargent attended ceremonies; Siciliano; and John Libbey for Fenwal, Inc. Displaying Skinner Precision Industries "E" certificate are James E. Kelly, Director of the Hartford, Conn. Field Office and Skinner pres. Paul Rogers.

XUM

Electronic flow automation display to be held at London Trade Center

American suppliers provide half of U.K. overseas purchases; major users include chemical, petrochemical, refinery industries

Computerization of Britain's industries has created growing demands for electronic flow automation equipment.

To help U.S. manufacturers show their advanced products to prospective buyers in this market, the U.S. Department of Commerce will sponsor an exhibition of flow automation equipment at the U.S. Trade Center in London, Nov. 9-13.

Exhibition emphasis will be on the electronic process controls related to flow measurement, blending, weighing, control and proportioning equipment and systems that are needed by major buyers. The buyers—industries moving fastest toward automation—are the chemical, petrochemical, refinery, fertilizer, food processing, glass and natural gas industries.

Capital investment in the United Kingdom in 1970 is expected to show an increase of 10% over 1969 levels. Investment in the chemical and petrochemical industries, the heaviest consumers of advanced flow measurement and control equipment, will rise by $750 million. Investment in refineries alone will be about $225 million.

As much as 20% of the capital outlays will go for plant equipment imports, including plant instrumentation. Britain buys about one-third of its scientific and industrial apparatus and instruments from overseas suppliers, and half of these purchases are made from U.S. firms.

Market research undertaken by the Department's Bureau of International Commerce, which will stage the London exhibition, identifies the following as having high sales potential in the United Kingdom:

► Automatic proportioning and filling systems, computer control systems for automatically optimizing flow measurement and control, computer interface hardware, continuous proportioning and blending systems, continuous weighing, feeding, and mixing equipment and controllers.

► Other products in high demand are density controls; draft gages; electronic to pneumatic convertors; electronically controlled metering, proportioning, and batching equipment; flow computing systems; flow controllers; flow measurement and direct digital control; flow nozzles; flow rate indicators; flow recorders; and flow transmitters.

► Also, fluid meters, in-line weighing equipment, inclined manometers, linear gas flow meters, mass flow blending devices, mass flow measurement devices for liquids or gases, metering pumps, orifice plates, and pneumatic to electric convertors.

► Also, Pitot tubes, positive displacement meters and recorders, proportioning pumps, rotameters, signal transducers (advanced inflow), turbine flow transmitters, ultrasonic flow meters, variable area flow meters, Venturi tubes, viscosity measurement equipment, and volumetric meters.

Commerce will launch a major market development campaign prior to the exhibition to attract buyers, trade leaders and potential agents and distributors.

Previous Commerce exhibitions of control and test equipment at U.S. Trade Centers abroad have yielded high sales totals for exhibitors.

As a direct result of an exhibition of industrial process controls and computers, at the U.S. Trade Center in Milan in November 1968, 51 U.S. exhibitors made first-year sales of $1.3 million. Eight of the firms were new to the market.

Last February at the U.S. Trade Center in London, 31 U.S. exhibitors displayed advanced biochemical test and control equipment. They made floor sales of $206,000 and predicted additional first-year sales of $2 million.

American manufacturers of advanced flow automation equipment interested in the Commerce Department exhibition at the U.S. Trade Center in London, Nov. 9-13, may obtain an Exhibitors Export Market Guide, IMIS 70-21, and further information from the U.S. Department of Commerce, BIC-942, Washington, D.C. 20230 (202-967-4462) or from any Commerce Field Office.

Vancouver to host 1971 ImpoExpo; American firms invited to mount exhibits

The Fifth British Columbia International Trade Fair, ImpoExpo '71, is scheduled June 2-12, 1971 in Vancouver, and is open for participation by American manufacturers and exporters.

The fair, one of the elements of British Columbia's centennial celebration of its entry into the Canadian Confederation, was last held in 1967. Products valued at $15 million were on display by companies representing 50 nations. More than 10,000 buyers visited the fair.

For further marketing and participation information, contact the Executive Director, British Columbia International Trade Fair, Suite 1100, 475 Howe St., Vancouver 1, Canada.

William Henschel named Deputy Director at Frankfurt

William C. Henschel has been appointed Deputy Director of the U.S. Trade Center in Frankfurt. Henschel, who assumed his duties earlier this year, has been with the Department of Commerce since 1961.

Prior to his duties in Germany, he served Commerce in the Commercial Intelligence Division and as an exhibits officer. He also attended the National War College and has a B.A. degree in economics and a M.A. in business administration.

The next issue . . .

Subscribers to INTERNATIONAL COMMERCE are advised that a major expansion of the magazine involving broadened coverage of the business scene is immediately ahead. The next issue, to be published on July 13 rather than on July 6, will appear as a part of a new Department of Commerce biweekly publication entitled COMMERCE TODAY. Familiar INTERNATIONAL COMMERCE features will appear, along with reports on the domestic economy and on the applications of technology in the world of business. For more details, see the announcement on the back cover of this week's issue.

U.S. firms expect $5.2 million sales in Outdoor Life/USA

Stockholm show draws 691, features recreational equipment

Throw-away swim trunks, a computer car, scooters, snow mobiles, aircraft, fishing lures and a helicopter were part of the unique conglomeration of commercial outdoor sporting equipment on display at the U.S. Trade Center for Scandinavia in Stockholm May 20-26.

The 24 American exhibitors representing 28 manufacturers predict first year sales to top $5.2 million; 12 firms reported floor sales totaling $351,700.

Outdoor Life/USA attracted 691 qualified buyers and included 14 U.S. firms interested in contacting candidates for foreign agents/distributors. Four representatives were contracted at the exhibition and 35 were under review at its close. Thirteen of the 28 companies were entering the Scandinavian market for the first time through the U.S. promotion.

Other products on display at the exhibition were inboard and outboard motors, sports clothing, rifles, camping equipment, swimming pools, scuba diving equipment and golf clubs.

SKIING INSIDE THE TRADE CENTER was no trick during Outdoor Life/USA. A Swedish ski-instructor tries out the indoor slope displayed by Electronics Recreonics called the "Ski-Dek" at the Scandinavian show.

Exhibitors in Outdoor Life/USA were: Barthman Corp., Glouster, Ohio; Pat Baird Ship's Wheel Inc., La Grange, Ill.; Beech Aircraft Corp., Wichita, Kan.; Butler Aviation International, Englewood Cliffs, N.J.; Chris-Craft Corp., New York; Cessna Aircraft Corp., Wichita, Kan.; Dodge & Seymour Ltd., New York; Dolphin Products Inc., Clearwater, Fla.; Elco International Corp., Springfield, Mass.; Electronic Recreations Corp., Miami; Helin Tackle Co., Detroit; Hughes Tool Co., Aircraft Div., Culver City, Calif. Jacuzzi Brothers Inc., Little Rock, Ark.; The H. D. Lee Co., Inc., New York; Mercury Outboards Ltd., Fond du Lac, Wis.; Monogram Industries, Inc., Los Angeles; North American Rockwell, General Aviation Division, Bethany, Okla.; Outboard Marine Corp., Milwaukee; Piper Aircraft Corp., Lock Haven, Pa.; Plas-Steel Products Inc., Walkerton, Ind.; Projects Unlimited, Inc., Dayton; Recreonics Inc., Avenel, N.J.; Seablue Corp., Dallas; Universal Motor Div., Medalist Industries, Oshkosh, Wis.

PRIVATE PLANES and a helicopter were part of the exhibits at the May exhibition. On the left, U.S. Ambassador to Sweden Jerome H. Holland and the Swedish Minister of Commerce Gunnar Lange inspect a small craft. On the right is the computer car by Barthman. Exhibitors are predicting $5.2 million in sales.

XUM

U.S.-MADE heavy duty equipment for construction, field and road work surrounded the exhibition hall during the May 16-21 American promotion in Tehran, Iran.

Tehran show wins sales

U.S. machinery firms write $4 million, project $13 million at May all-U.S. exhibition

American industrial machinery from cotton gins and combines to medical monitors and mobile radios was on display by 74 U.S. firms in a Commerce-sponsored all-U.S. exhibition in Tehran, Iran, May 16-21.

Represented by 59 exhibitors, the firms wrote more than $4.2 million in contracts at the show and are projecting $13.4 million in sales within the next year.

The exhibition, which drew 4,125 qualified buyers, was employed by 13 companies to contact possible candidates for Mid-Eastern agents and distributors. Five were signed during the show and 17 candidates were under negotiation at its end.

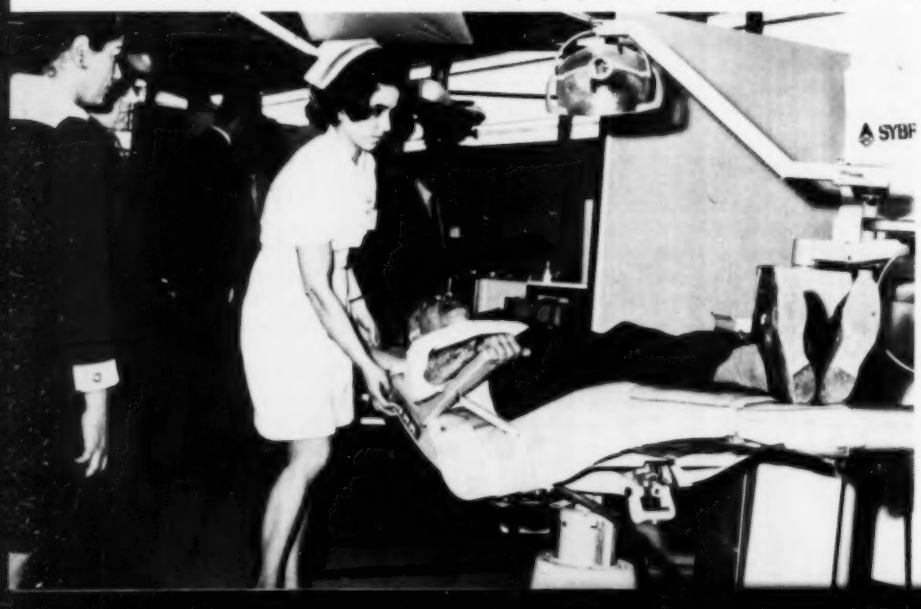
As the show progressed, the 15 U.S. exhibitors of heavy duty equipment dug up, hauled around and shoved aside the earth on land adjacent to the outdoor booth area. Cranes, bulldozers and graders were put to work for potential clients. The all-terrain vehicle, the Kid, was also put through its paces for customers.

On hand during the show were representatives of the Export-Import Bank to discuss credit arrangements available to Iranian firms wishing assistance in financing equipment purchases.

With $3 million in projected 12-month sales, Cooper-Bessemer Co., Mount Vernon, Ohio, reported the highest orders. Cooper-Bessemer displayed gas turbines, compressors and control systems.

Following the Ohio firm, with projected sales of $2 million, is Allis-Chalmers Manufacturing Co. of Milwaukee. The company also wrote $410,000 in show orders as it exhibited road construction equipment.

THIS WON'T HURT A BIT a nurse for the Sybron Corp. tells a show visitor as she demonstrates the versatility of a new Sybron dentist chair. Seven U.S. firms displayed products in the medical and hospital field.



Two of the firms anticipating $750,000 or more in 12-month orders are the Medical Systems Department of General Electric Co., Milwaukee, which reported the first sale of the show, and the Lummus Cotton Gin Co., Columbus, Ga. GE displayed intensive care monitoring equipment and X-ray systems and Lummus a saw-type ginning machine.

Expecting $500,000 in contacts in the coming 12 months are American Hospital Supply, Universal Corp., Evanston, Ill., exhibiting patient furniture; American Standard, Inc., Hudson, Iowa, showing firetube steam generators and industrial and commercial air conditioning and heating equipment; and Kinetics International, Division of LTV Aerospace Corp., Tyler, Tex., with agricultural equipment.

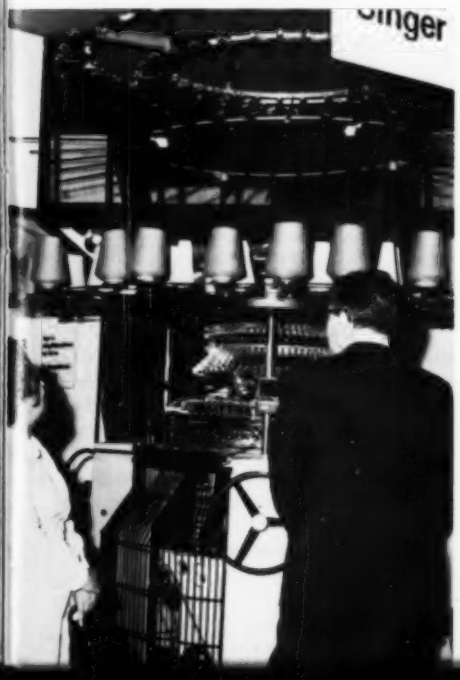
Machinery for producing concrete piping, shown by the McCracken Concrete Pipe Machinery Co., Sioux City, Iowa, is expected to account for $450,000 in orders during the next year. Ingersoll-Rand Co. of New York projects sales for its construction equipment to reach $380,000; they sold $225,000 in equipment off-the-floor.

Showing hose, belting, protective clothing, footwear and service equipment for construction projects, International B.F. Goodrich, Akron, Ohio, wrote $300,000 in orders during the show and anticipates an additional $250,000 for the coming year.

Several American firms are predicting first year orders of $100,000, including Hewlett-Packard, Palo Alto, Calif., with test and analytical equipment; FMC Machinery International, a Division of FMC Corp., San Jose, Calif., showing agricultural and food processing equipment; Remington Rand, Division of Sperry Rand Corp., New York, displaying record retrieving and graphic systems; and York International, Borg-Warner, York, Pa., exhibiting air handling, air conditioning and refrigeration equipment and an ice maker.

THE KID, an all-terrain work vehicle manufactured by Kinetics International, is inspected by the Iranian Minister of Roads, Dr. Hassan Shalchian. Kinetics was one of 15 companies displaying heavy duty equipment.

KNITTING MACHINES, displayed by the Knitting Machine Division of the Singer Co., attract the attention of an exhibition visitor during the U.S. show.



American exhibitors

The industrial machinery show also included the following American participants: Amana Refrigeration, Inc., Amana, Iowa; American Soybean Institute, Hudson, Iowa; American Sterilizer Co., Erie, Pa.; AMF International, Cuno Products, New York; Associated Manufacturers International, S.A., Chicago; Beckman Instruments, Inc., Fullerton, Calif.; J.I. Case Co., Racine, Wis.; Caterpillar Tractor Co., Peoria, Ill., also representing Gardner-Denver Co., Quincy, Ill., and Hyster Co., Portland, Ore.; Chysler Corp., Airtemp Division, Dayton; Clark International Marketing S.A., Battle Creek, Mich.; Dana Corp., Fort Wayne, Ind.; John Deere Export, Mannheim/Germany for Deere & Co., Moline, Ill.

The Devilbiss Co., Toledo; DoAll Co., Des Plaines, Ill.; Doughboy Industries, Inc., New Richmond, Wis.; Fenway Machine Co., Inc., Philadelphia; Frick Co., Waynesboro, Pa.; The Galion Iron Works and Manufacturing Co., Galion, Ohio; General Electric Co., IGE Export Division, New York and Mobile Radio Department, Lynchburg, Va.; General Motors Overseas Distributors Corp., Earthmoving Equipment Department, New York and Power and Industrial Products, New York; General Radiology Iran Co., representing three U.S. companies; Hobart Brothers Co., Troy, Ohio; International Harvester Export Co., Chicago.

Irrigation & Industrial Development Corp., New York; Johns Manville International Corp., New York; Marsh Stencil Machine Co., Belleville, Ill.; McCulloch Corp., Los Angeles; Miller Electric Manufacturing Co., Appleton, Wis.; MSA International, Pittsburgh; The National Cash Register Co., Dayton; Office Supply Co., Ltd., Tehran, representing Dymo Industries, Inc., Berkeley, Calif., and Remington Rand; Pellerin Milnor Corp., Kenner, La.; Pendleton Tool Industries International, Los Angeles; Pengo Hydra-Pull Corp., Fort Worth, Tex.; Pitney-Bowes Inc., Stamford, Conn.

Rainbow Manufacturing Co., Fitzgerald, Ga.; The Ridge Tool Co., Elyria, Ohio; SCM Corp., New York; Singer Co., New York; Sybron Corp., The Pfaudler Co., Rochester, New York; Tehranshahr Co., Tehran, representing Onan Division of Studebaker Corp., Minneapolis; Universal Motor Division, Oshkosh, Wis. and Acme Heat & Power Corp., Brooklyn, N.Y.; Telecom Ltd., Tehran, representing Motorola Communications International Inc., Schnumburg, Ill.; Sola Basic Industries, Milwaukee, and Hewlett-Packard; Van Norman Machine Co., Springfield, Mass.; Victor Intercontinental Ltd., Chicago; Columbus McKinnon Corp., Tonawanda, N.Y.

XUM

THE BEGINNING was outside the U.S. Trade Center in Tokyo where officials of MING participated in their first overseas Far East promotion. Above left, the MING process is demonstrated behind the Trade Center in the September 1969 show. On the right, techniques for finishing automobile tops are practiced.

A marketing achievement in Japan: MING makes it in six months

In six months, MING of America, a franchiser for an auto paint improvement process, has entered the Japanese market, formed a joint venture, sold a franchise, trained a local Japanese staff and is completing construction of the MING of Japan Service Center in Sapporo.

Entering the market through a late-1969 exhibition of automotive diagnostic and service equipment, the Kansas City-based MING held actual process demonstrations on real cars outside the U.S.-Tokyo Trade Center. By the close of the exhibition, MING had signed several contracts and was considering offers to do business permanently in Japan. Shortly, a joint venture was formed establishing MING of Japan and this February the first franchise was sold to Sansei Sangyo, a Hokkaido firm planning to set up MING Service Centers in 10 cities serving a market area of 5 million.

In March, after the first shipment of equipment had been received, MING officials arrived in Japan to train the technicians who would man the centers in operating MING equipment.

For additional assistance in penetrating the Japanese market, officials from MING visited the U.S. Consulate Office in Sapporo. When a Commercial Specialist and other U.S. representatives attended a session of MING's training school, local newspapers covered the visit giving MING an added exposure in Hokkaido.

For more than two weeks, MING representatives worked with the Japanese technicians, taking them individually through the motions of the process on new cars as well as old, showing them the proper techniques for each paint condition. On April 3, MING declared the Japanese technicians trained, confident that the MING service in Japan would equal that found in the United States.

On April 10, only six-and-a-half months after MING of America was introduced to Japan through the U.S. exhibition, the first Japanese customer entered the temporary MING of Japan Service Center in Sapporo. The MING process is already popular in Hokkaido, and the business prospects are regarded as bright there.

GRADUATION EXERCISES in a tin garage were informal as several Japanese technicians were declared proficient in the MING process. MING official Roy Miller stands to the right of the car; next to Miller is Martin G. Heflin, American Consul; extreme right is Consulate Commercial Specialist Kiyoji Tanaka.

Metal surface show in Tokyo estimates $3.3 million in sales

Twenty-nine American manufacturers of metal surface treatment equipment participated in an exhibition at the U.S. Trade Center in Tokyo May 18-23. The show closed with $109,470 in book orders and predictions for more than $3.3 million in additional first year sales.

The exhibition, which partially overlapped the Japanese trade Fair MET, the 9th Metal Finishing Show and 41st Technical Conference, drew an audience of 2,628.

Seven U.S. firms were seeking overseas agency/distributorships during the event and five were contracted. Negotiations with 14 other candidates were in progress as the show closed. A total of 13 exhibitors were entering the Japanese market for the first time.

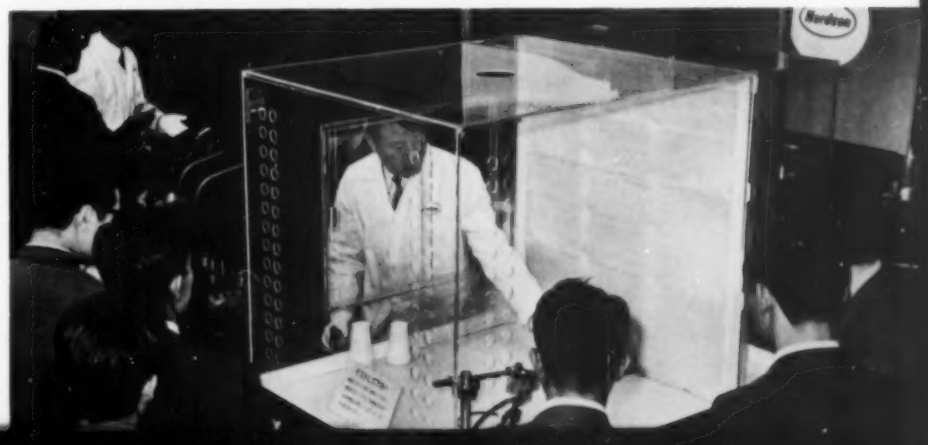
Products which sold the best at the Metal Surface Treatment Show included automatic coating and plating systems, industrial waste pollution control systems, electronic milling chemicals and equipment, sonic cleaners, electrostatic spray and powder coating systems and coating and plating thickness testers.

Exhibitors in the May promotion were: Allied Research Products, Inc., Baltimore; Amax Copper, Inc., New York; Belke Manufacturing Co., Chicago; Buehler Ltd., Evanston, Ill.; Chemetron Corp., Detroit; Diamond Shamrock Chemical Co., Cleveland; Electrogasdynamics, Inc., Hanover, N.J.; Enthone, Inc., New Haven, Conn.; Futura Titanium Manufacturing Corp., Westlake Village, Calif.; R. O. Hull & Co., Inc., Cleveland; Industrial Filter & Pump Manufacturing Co., Foreign Sales Division, Inc., Cicero, Ill.; Infrared Controls & Systems, Inc., Covina, Calif., Intercontinental Trade Corp., Evanston; Lancy Laboratories, Inc., Zelienople, Pa.

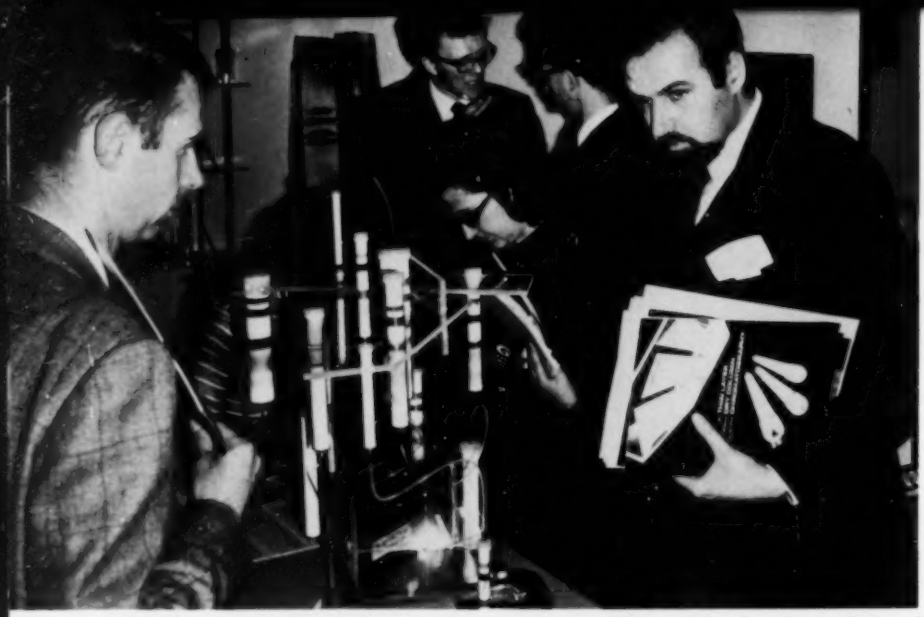
Lawrence Electronics Co., Seattle; Lea-Ronal, Inc., Freeport, N.Y.; Nordson Corp., Amherst, Ohio; Oakite Products, Inc., International Division, Berkeley Heights, N.J.; Ransburg Electro-Coating Corp., Indianapolis; Sethco International, Inc., Freeport; Spraying Systems Co., Bellwood, Ill.; Shipley Co., Inc., Newton, Mass.; Unit Process Assemblies, Inc., Woodside, N.Y.; Vacu-Blast Corp., Belmont, Calif.; Valvoline Oil Co., Ashland, Ky.; Vanton Pump & Equip. Corp., Hillside, N.J.; Vapor Blast International, Inc., and Wolff International, Inc., Milwaukee.

CHEMICALS FOR THE PRINTED CIRCUIT INDUSTRY were on display by the International Trade Corp., above. Shaking hands with Congressman Samuel S. Stratton, bottom right, is Toshio Kawashima, Lea-Ronal distributor. U.S. Ambassador Armin H. Meyer, in middle, attended the show's opening ceremonies.

THE LARGE PLASTIC BOX, below, was part of the Nordon Corp. display. Gathered around the Nordon booth are part of the 2,628 visitors to the exhibition. Above, left, a surface treatment device in operation.

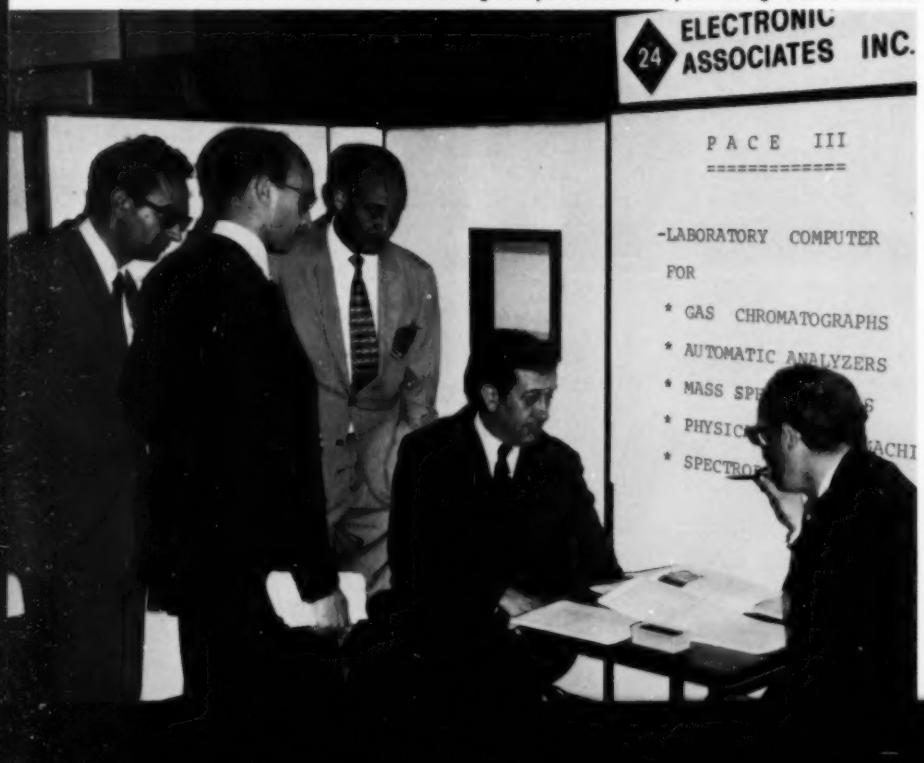


XUM



QUANTUM'S FIRST EXPORT VENTURE resulted in negotiations with four Italian firms for distribution of their equipment. The Quantum Industries booth is shown above. Below, a center conference is in progress.

POINTING OUT THE TECHNICAL FEATURES of a computer system by Electronic Associates, Inc., is an E.A.I. staff member. The four businessmen listening were part of the 944 buyers that registered for the show.



Milan Center mounts technical show, projects $3 million

Projecting first year sales of more than $3 million and writing $320,000 in show contracts, 30 U.S. exhibitors joined in a display and seminar of chromatography and spectroscopy equipment May 19-23 at the Milan-U.S. Trade Center.

The show, visited by 944 buyers and scientists, included seven firms seeking candidates for overseas representation. One agent was appointed at the show and negotiations with six other candidates were in progress at its end.

Displaying a line of sophisticated instruments for biomedical research, Beckman Instruments, Inc., Fullerton, Calif., wrote $45,000 in show orders and is estimating 12-month orders to total an additional $450,000.

In their first export promotion, Bio-Technology Instrument Corp., Chatsworth, Calif., exhibited compact medium-priced spectrophotometers with a built-in linearization output device, reported sales projections of $350,000.

Other participants in the exhibition were: Applied Science Laboratories, Inc., State College, Pa.; Barnes Engineering Co., Stamford, Conn.; Bausch & Lomb Inc., Rochester, N.Y.; Brooks Instrument Division, Emerson Electric Co., Hatfield, Pa.; Buchler Instruments, Inc., Fort Lee, N.J.; Digital Equipment Corp., Maynard, Mass.; Du Pont, Wilmington, Del.; Finnigan Corp., Palo Alto, Calif.; Gelman Instrument Co., Ann Arbor, Mich.; Gilson Medical Electronics, Middleton, Wis.; Gow-Mac Instrument Co., Madison, N.J.; Hewlitt-Packard, Inc., Palo Alto; Infotronics Corp., Houston; Instrumentation Laboratory Inc., Lexington, Mass.

Instrumentation Specialities Co., Inc., Lincoln, Neb.; Nester/Faust Mfg. Corp., Newark, Del.; Nuclear Data, Inc., Palatine, Ill.; Packard Instrument Co., Inc.; Downers Grove, Ill.; Perkin-Elmer Corp., Wilton, Conn.; Princeton Applied Research Corp., Princeton, N.J.; Quantum Ind., Fairfield, N.J.; Sadtler Research Labs, Philadelphia; Sanda, Inc., Philadelphia, representing Ace Glass, Inc., R.J. Harvey, Instrument Corp., and Henry Troemner, Inc.; Schoeffel Instrument Corp., Westwood, N.J.; GK Turner Associates, Palo Alto; Wilks Scientific Corp., S. Norwalk, Conn.; Varian Aerograph Corp., Palo Alto.

SCREEDING MACHINES manufactured in Beresford, S.D. were shown by the Kelly Industrial Co. in Scan/Build '70. Mr. and Mrs. Francis L. Kelly discuss their equipment with a potential customer.

Screeders spread into Scandinavia

Machines sold through 210 distributors; products used in 52 countries; more than 11,000 units built in the last decade. This may sound like an industrial giant, but it's not, it's the Kelly Industrial Co., Beresford, S.D., population 1,734.

Francis L. Kelly and his employees make concrete screeding—smoothing—machines which he exhibited for the first time overseas in a February exhibition at the U.S. Trade Center in Stockholm, Scan/Build '70. Kelly reports an enthusiastic response from both Swedish contractors and potential distributors. Kelly's equipment is now handled through an international marketing organization.

Kelly, confident that Scandinavian sales of screeding machines will increase, reported that his first export order ". . . just came in the door." As business increased, he contacted the Commerce Department for overseas leads for his equipment, and eventually exhibited in the U.S. exhibition.

Hotel, restaurant exhibit set for autumn in Germany

American restaurant and hotel equipment suppliers may exhibit in the 21st German Trade Fair for the Hotel and Restaurant Trade at the Killesberg fair grounds in Stuttgart Oct. 22-29. The deadline for entering is September 14.

The exhibition, which attracts up to 125,000 trade representatives annually, accepts both direct or local representation by non-German manufacturers.

The show will occupy 14 display halls and include exhibits of kitchen equipment, vending machines, cutlery, office and data processing equipment, foodstuffs and beverages, hotel and restaurant finishings, air conditioning, heating and ventilation equipment and systems, china, and sporting installations for hotels.

Information on this German trade fair is available from the organizer: Stuttgarter Ausstellungs— GmbH, 7000 Stuttgart 1, P.O. Box 990, or their North American representative Rudi Haussmann, 130 Willowdale Ave., Suite 3, Toronto-Willowdale, 441, Ontario, Canada.

Details on two USSR exhibitions now available

An exhibition in Leningrad this August and a show in Moscow during September 1971 are open to American exporters.

A display of morphological apparatus and reagents will coincide with an international congress of anatomists in Leningrad, Aug. 14-23. In Moscow Sept. 8-22, 1971, a building materials exhibition, STROYMATERIALY, will be mounted.

Further details on these events are available from the USSR Chamber of Commerce, Department of Foreign Exhibits, 6 Kuibyshev St., Moscow K-3, USSR.

General trade fairs open to American participation; Vienna to host events

The Vienna autumn and spring fairs will occur Sept. 6-13, 1970 and Mar. 7-14, 1971. These general trade fairs are open to international exhibitors and their overseas agents and distributors.

This September, the 92nd Vienna Trade Fair will be held featuring more than 250,000 different samples of merchandise. On the exhibition grounds will be displays of agricultural and forestry equipment, building materials, camping equipment, model homes, iron and steel, engines, furniture and machines and tools for industry.

In the trade fair palace will be textiles, garments, arts and crafts, glassware, instruments, leather and fur goods, ceramics, jewelry and a do-it-yourself exhibition.

For additional information on these two annual Vienna trade fairs, write: Austrian Trade Delegates, 845 Third Ave., 21st Floor, New York, N.Y. 10022.

Prague will host automobile repair exhibition in 1971

Autoprogress Praha '71, a Czechoslovakian international exhibition of advanced and modern automotive equipment and apparatus, particularly concerned with problems connected to service and maintenance will be staged by the Car Repairs Development Administration in Prague, Aug. 2-11, 1971.

The exhibition will range from equipment for the auto factory to accessories for motorists and is the third Autoprogress held.

Participation data is available from RAPID, Czechoslovak Advertising Agency, Ul. 28 rijna 13, Prague 1.

XUM

Negotiations on new applicants' entry to EEC will begin June 30

Denmark, Ireland, Norway and United Kingdom once again request admission; EEC has reaffirmed intention to expand

The Council of Ministers of the European Communities gave final approval at its June 8 meeting to the procedures for membership negotiations with the United Kingdom, Ireland, Denmark, and Norway beginning June 30. The foreign ministers of the four applicant countries have been formally invited to attend the June 30 ceremonial meeting opening the negotiations. The first ministerial negotiating session with the United Kingdom is scheduled for July 21; similar sessions with Ireland, Denmark, and Norway will be held on Sept. 21 and 22.

In negotiations with the applicant countries, the European Community's position will be set forth and defended by the President of the Council of Ministers. When authorized by the Council, particularly on matters involving existing common policies, the nine-member Commission will present the Common Market position. Belgian Foreign Minister Pierre Harmel will hold the Council presidency during the June 30 ceremonial meeting. The chair will pass to Germany on July 1 since, under the Treaty of Rome establishing the European Economic Community, the Council presidency is rotated every six months among the member states.

The June 30 ceremonial meeting in Luxembourg opens a new chapter in the effort of the United Kingdom and the other three countries to gain membership in the European Communities. The United Kingdom, Denmark, and Ireland originally applied for EEC membership in July-Aug. 1961; Norway followed suit in 1962. Despite 15 months of discussions, negotiations were eventually suspended.

Applications renewed

In mid-1967 the membership applications were renewed, but the Council of Ministers of the European Communities failed to reach the unanimity required under the Community treaties to initiate the membership negotiations. The United Kingdom decided nevertheless to maintain its application, which was discussed at subsequent meetings of the Council of Ministers.

Prospects for British membership in the Common Market were revived last December at the Hague summit meeting of the heads of state or government of the EEC member states; the Six reaffirmed their agreement on the principle of the enlargement of the European Communities and called for the completion of preparatory work by June 30.

It was also agreed at the Hague that at the same time as negotiations with the four applicant countries are held, discussions will be started by the EEC with such other members of the European Free Trade Association (EFTA)—Sweden, Austria, Finland, Portugal, Iceland and Switzerland—that may request them "on their position in relation to the EEC."

Philippine film output up; U.S. market share improves

Domestic production of films in the Philippines showed a marked increase in 1969, with 194 feature films being completed compared to 171 in 1968.

A bill was introduced in 1969 in the Philippine Congress to set a quota on the import of foreign films in order to boost domestic production, but failed to pass. A similar bill has been introduced in the 1970 Congress.

About 800 motion picture theaters are in operation in the Philippines, having a total seating capacity in excess of 400,000. Four new theaters recently opened in the Manila area.

Of the 744 feature films released in the Philippines in 1969 (728 in 1968), 194 were domestic productions, 245 were released by U.S. film companies (208 in 1968), 102 were Italian films, 60 came from Hong Kong, 33 were Japanese, 23 French, 19 British, 16 were from Taiwan, 14 were German, and 38 came from other countries. Philippine and American films increased their share of the market at the expense of non-U.S. foreign films.

Argentina invokes anti-dumping law

Three actions against chemical imports activate 1963 measure

Although Argentina has had an anti-dumping law on the books since 1963, it was invoked for the first time recently in three actions taken against imports from Italy and the U.K.

As a result of the importation of 1.49 million kilograms of ammonium sulfate from the United Kingdom, found to be below the domestic market price at the point of origin, the Argentine Government levied an additional fine above existing import duties of $32,000. The other two actions involved similar chemical products in lesser amounts.

The Argentine Anti-Dumping law, instituted by Decree law No. 5,342, provided that dumping be deemed to exist when the price of an import is less than the current internal or domestic price in the country of origin (when this domestic foreign price is not determinable, less than the lowest export price common in the normal commerce among third countries), or when it is less than the calculated cost of production plus reasonable supplements for sales, cost and profit margin.

U.S. exporters should be aware of the Argentine Government's interest in preventing future incidents of dumping and willingness to enforce their legislation.

The next issue . . .

Subscribers to INTERNATIONAL COMMERCE are advised that a major expansion of the magazine involving broadened coverage of the business scene is immediately ahead. The next issue, to be published on July 13 rather than on July 6, will appear as a part of a new Department of Commerce biweekly publication entitled COMMERCE TODAY. Familiar INTERNATIONAL COMMERCE features will appear, along with reports on the domestic economy and on the applications of technology in the world of business. For more details, see the announcement on the back cover of this issue.

New Australian packaging laws will apply to imports Nov. 1

All weights must be quoted in avoirdupois units; volumes in fluid ounces or imperial gallons; use of fractions limited

New laws to control the packaging of goods came into force throughout Australia on May 1. All states and the Federal Government have passed uniform legislation to regulate the weights and prices to be shown on packages and the quantities in which goods may be packed. Imported goods will not be subject to the new regulations until Nov. 1.

While the new laws are aimed primarily at local manufactures, it is apparent that these regulations will have to be studied carefully by American suppliers of almost all packaged goods to the Australian market. Under the new laws many commodities can only be marketed in packages of certain specific weights or sizes and must be labeled in a certain way. New markings may be required for some canned and bottled goods imported from the United States. The new rules regarding standardization could affect the size of containers in which imported tea, coffee, jams and other articles currently are packaged.

Main points affecting U.S. exporters are: (1) all weights must be quoted in avoirdupois units, and where hundredweights are quoted they must be long hundredweights of 112 lbs.; (2) volume must be quoted in fluid ounces or in Imperial gallons, quarts or pints of 160, 40 or 20 fluid ounces, respectively; (3) metric units may be quoted on labels but avoirdupois or Imperial units must also be shown immediately adjacent to them; the only goods that may be sold with just metric units shown are chemicals for laboratory use only or drugs; (4) no fractions smaller than eights may be used when quoting the weight or volume of a container.

Aerosol products must be marked by weight, drugs in liquid form by weight or volume, and tomato sauce by volume. Prepacked meat, natural cheese, dressed poultry, fish (including shellfish), unsliced bacon, ham, and sausages must show the price per pound as well as the weight on the package. The term "net weight when packed," can appear only on bar soaps, soap flakes, soap powders (not detergent powders), tobacco, washing soda, whole hams, and cotton batting.

Expressions such as "big gallon" and "full pound" are banned by the new laws. The term "king," "giant," "jumbo," "hiboy," "huge," "gigantic," "colossal," "economy," "queen," "longfellow," "family," "bigger," "extra," "large," and "long" may be used provided the weight or measure is marked on the package wherever the expression is used.

For additional information, U.S. exporters can obtain copies of the following publications: *Marking and Standardization of Packaged Goods Imported into Australia,* available without charge through the Australian Consulate General, 636 Fifth Ave., New York, N.Y. 10020; and *Weights and Measures Packaging Guidelines*—Australian Capital Territory (A.C.T.) Ordinance No. 16 of 1970 (available at a cost of 34 cents) and Regulation No. 8 of 1970 (available at a cost of 50 cents). These documents are available from the Commonwealth Government Printing Office, Wentworth Ave., Canberra, A.C.T., Australia.

Algeria publishes industrial guide

English-language version of work to be available soon

The Algerian Ministry of Industry and Energy has released a two-volume French language *Annuaire Industriel,* a comprehensive study of several aspects of industrial organization in Algeria as of December 1969.

Volume I, an analytical index divided according to industrial sector, also describes ownership and management patterns typical of the industry, distinguishing between private entities and industries operated under a wide range of government and cooperative management arrangements.

Volume II, a geographic and alphabetical index, is coded and cross-referenced to information provided in Volume I.

A single copy of the *Annuaire* is available for consultation only in the Africa Division, U.S. Department of Commerce, Room 3116. Individual copies of the guide may be requested through the American-Arab Association for Commerce and Industry, 505 Fifth Ave., New York, N.Y. 10017, or the Ministere de l'Industrie et de l'Energie, Republique Algerienne Democratique et Populaire, Algiers, Algeria.

A 1970 English-language edition is currently in preparation and may be ordered from the Ministry in advance.

Spain regulates temporary admission of foreign goods

The Spanish Ministry of Commerce has approved regulations to implement the provisions of the nation's law on the temporary admission of foreign goods. The new decree, #1146/1970 dated Apr. 16, spells out the requirements which importers must meet when bringing in foreign goods for reprocessing or incorporating into Spanish products before re-export. The decree calls for the importer to provide information such as the location of his manufacturing plants, his volume of exports, the nature, quantity and value of his imports, and other data. It also gives instructions for the identification of the imported goods, and describes customs clearance procedures. The new regulations explain the processing procedure for the import applications, and provide penalties for violators.

The decree became effective on Apr. 30.

Korean traders interested in U.S. business catalogs

The American Embassy in Seoul has reported that its new publication, U.S.-Korea Trade and Investment News, has been well received by the Korean business community. The magazine has stimulated interest in doing business with U.S. firms and concurrently increased the desire to see more U.S. business catalogs.

Companies with an interest in selling in the Korean market are encouraged to send their catalogs to the Commercial Attache, American Embassy, Seoul, Korea.

Manufacturers in four European nations interested in licensing goods to U.S. firms

Products offered include drying plants, freeze drying equipment, bags, ladies' shoes, seat reclining systems, fluorescent lighting ballasts

Manufacturers in Denmark, Finland, France and Switzerland are offering a variety of products to U.S. licensees, including a patented automobile seat reclining system, drying and freeze-drying equipment, ladies' shoes, polyethylene shopping bag, and ballast units for fluorescent lighting.

For additional information and the name and address of the firm, write the U.S. Department of Commerce, Office of International Investment, BIC-874, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity listed below.

• A Danish firm is offering its know-how in construction and operation of drying plants for green crops used as components of animal feeds.

The firm claims the plants are fireproof and offer versatility and economy in drying operations. **File 1892**

• A Danish firm is interested in licensing production of its freeze drying equipment for the food industry.

The equipment is used for industrial freeze drying of such liquid foods as instant coffee, tea, concentrates of fruit juices, and such solids as vegetables, meats and sea foods. **File 1893**

• A diversified Finnish company is interested in granting an exclusive license to an American manufacturer for the production of its polyethylene shopping bag.

A U.S. patent has been granted for this bag, apparently for its unique handle arrangement or design. The bag can be made in various thicknesses, and can have a holding capacity of from 10 to 55 pounds.

The bag is being successfully marketed in Finland and licensing arrangements have been made in many European countries and in Australia. **File 1894**

• A French firm offers licensing rights for the manufacture of its medium priced ladies' shoes for which the firm claims to have exclusive design patents. **File 1895**

• A Swiss company is offering manufacturing rights for its patented automobile seat reclining system that meets highest loading capacity in compliance with safety regulations. A cross-licensing agreement would be considered. **File 1896**

• A Swiss manufacturer of lighting components is offering for manufacture in the U.S. its ballast units for fluorescent lighting.

The company has not yet exported its ballasts to the U.S., although the units are believed to be of an advanced technical design with a ready sale potential in the U.S. The company also manufactures transformers, capacitors and neon high-voltage transformers for fluorescent signs.

To diversify its lines, the company is interested in a cross-licensing arrangement to manufacture U.S. solenoid actuated valves and industrial automation controls and instruments. **File 1897**

Japanese firm will make electrical transducers

Japan's oldest resistor manufacturer seeks a licensing agreement to produce electrical transducers. The firm presently manufactures resistors, rheostats, potentiometers and integrated circuits. It reports annual sales of $6 million, operates four plants and has approximately 800 employees and 30 salesmen.

Write: Japan Resistor Mfg. Co., Ltd., 2315 Kitano, Johanamachi, Toyama Prefecture, Japan. WTD. **P-70658**

Two French manufacturers are interested in U.S. licensing agreements

A French producer of hydraulic pipes, couplings, mechanical molds and gears seeks licenses to manufacture the following products: hydraulic equipment such as valves, taps and pumps; mechanical components, lifting equipment, packaging machinery, equipment for use on small public works projects and agricultural machinery parts; metal forming, stamping and cutting tools; finished molded steel or cast iron parts; and molded non-ferrous metal parts.

The company employs approximately 3,000 and reports annual sales of $20 million.

Write: Mr. Jean Charlier, Engineer, Generale d'Hydraulique et de Mecanique (GHM), 29 Rue Cambaceres, Paris 8, France. WTD. **P-70652**

A package of brochures outlining the firm's product line in French is available on a loan basis from the Office of International Investment, U.S. Department of Commerce, BIC-878, Washington, D.C. 20230.

• A division of a French steel fabricator seeks a license to manufacture automatic systems for shrink packaging of palletized bulky goods.

Write: Mr. Orhon, COMESSA, 18 Rue de la Glaciere, 67 Schiltigheim, France. **P-70653**

A WTD is available on the parent company, Forges de Strasbourg.

British firms seek American assistance

Interested in sewage treatment plants, heating devices, incinerators

A division of a British engineering firm seeks a license to manufacture newly designed types of packaged sewage treatment plants. The division is currently engaged in the research, development and production of effluent treatment plants. In order to implement expansion plans, the division will move into new facilities in the near future.

Write: J. E. Eveson, General Engineering Co. (Radcliffe) Ltd., Effluent Treatment Div., Holly Grange, Holly Lane, Balsall Common, Coventry, Warwickshire, England. WTD. **P-70651**

• A British manufacturer of industrial process heating equipment seeks licenses to make products complementary to its present line. Its range of equipment includes furnaces, ovens, impregnating plants, environmental test apparatus, melting pots and baths, wax and compound heaters and air and gas heaters. The firm operates three divisions and employs 150.

Write: P. H. Bird, Sales Director, Barlow-Whitney Ltd., Watling St., Bletchley, Bucks, England. WTD. **P-70664**

• A license to produce incinerators for domestic and municipal refuse is sought by a British manufacturer of hydraulic and mechanical baling presses. The firm is also interested in making machinery for the printing and packaging industries. Estab-

lished in 1810, the company has approximately 60 employees.

Write: Edwin Mills & Son Ltd., Aspley Ironworks, Firth Street, Huddersfield, Yorks, England. WTD. **P-70665**

Licenses to produce instruments, plastic goods desired by German firms

Licenses to manufacture newly developed types of industrial and laboratory instrumentation, recording systems and pens and inks are sought by a German firm. Presently, the company produces and distributes measuring instruments, recorders and related products. It operates a modern plant employing 135 and sells its products in approximately 40 foreign countries.

Write: DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG., 1 Industriestrasse, 516 Dueren, Germany. WTD. **P-70654**

• A German firm is interested in a license to manufacture plastic products made from die castings.

Currently, the company produces die cast products primarily for the packaging industry, consisting chiefly of caps and stoppers for tubes and bottles.

Write: Guenter Strial, Manager, Weener Plastik Meerguth & Co., Marker Weg 2, 2952 Weener/Ems, Germany. WTD. **P-70657**

Licenses for packaging machinery, plastics sought by two Dutch companies

An Amsterdam company is interested in the manufacture of paper converting and packaging machinery on a sub-contract basis. However, the firm does not wish to market such equipment.

The Dutch concern's present activities include the assembly of paper and packaging machinery. It has about 80 employees.

Write: P. W. J. Brancart, Manager, N.V. v/h P. J. Brancart & Zonen, 17 Generatorstraat, P.O. Box 1921, Amsterdam-Sloterdijk, The Netherlands. WTD. **P-70660**

• A Dutch producer of epoxy, polyester, polyurethane and acrylate based compounds seeks licensing agreements. The firm is interested in the manufacture of newly developed types of protective plastic compounds.

The Dutch company markets its products throughout the Common Market and maintains a branch office in Germany. It has a 1,000 sq. meter site available for expansion.

Write: P. T. van Heeren, Manager, DESCOL Kunststof Chemie N.V., 7 Duurstedeweg, Deventer, The Netherlands. WTD. **P-70666**

Three Swiss concerns desire U.S. licenses

Keiper AG seeks licenses to manufacture automotive parts and industrial components. It is suggested that U.S. firms interested in following up on this proposal order a current WTD.

Write: Keiper AG, Alpenstrasse 12, P.O. Box 293, 6301 Zug, Switzerland. WTD. **P-70655**

• A Swiss company specializing in the production of all kinds of articles and related products for the bookbinding industry seeks licenses to make new items in this field. Of particular interest are filing accessories and systems made from cardboard and plastic, self adhesive foils, stationery sets and giftware, albums, scrapbooks and similar products. In addition, the firm is interested in acquiring new manufacturing processes and methods.

Write: Max Ruegger, Baumann & Co. AG, 8703 Erlenbach, Switzerland. WTD. **P-70656**

• An established Swiss construction company is seeking licenses for new techniques in the construction of prefabricated buildings and components.

Write: Skarne System AG, Brauerstrasse 60, 8004 Zurich, Switzerland. WTD. **P-70667**

Canadian machine maker seeks ties with U.S. firm

A Canadian firm seeks a license to manufacture products requiring machinery, welding and assembly operations, but would also consider products involving specialized equipment.

The company operates a fully equipped machine and light fabricating shop and currently serves the forest, paper, food and distilling industries. It is presently developing a folding machine for use with paper garments.

Write: Storie Industries Ltd., 1031 Quebec St., New Westminster, British Columbia, Canada. **P-70650**

Lebanese concrete mixer firm wishes technical and financial collaboration

A Lebanese firm, established in 1967 and manufacturing concrete drum mixers, hydraulic tower slewing cranes etc., is seeking foreign financial participation and know-how. The equipment is produced locally except for imported tires and engines. It has been exhibited at various recent Middle East engineering shows and exhibits. It is understood to be competitive with imports from the U.K. and West Germany. The firm has agents and dealers in various Arab markets.

The company assets include paid in capitalization of Lf 1.5 million (approximately $500,000) and buildings, land and machinery worth Lf 5 million (approximately $1.7 million). Short term debt is reported at Lf 1.3 million (approximately $400,000).

Write: Suheil Moussa Khoury, Elba M.E.S.A.L., Chtaura, Lebanon. **P-70663**

Investment Assistance

To receive follow up assistance and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. "P" numbers should be used when writing about specific proposals.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington, D.C. 20230 or the nearest Department of Commerce Field Office.

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations administered by the Office of Foreign Direct Investment, U.S. Department of Commerce, Washington, D.C. 20230.

Mexico invites firms to enter prequalifications for construction of several irrigation works

The Mexican Secretariat of Hydraulic Resources has announced bids for the construction of World Bank financed irrigation works for the following areas: 1) State of Morelos, municipality of Axochiapan, 10 wells, depth of 120 meters, drilling diameter 505 mm. (20"), pipe diameter 355 mm. (14"), and appropriate pumping equipment, last day of registration is July 8 and project must be completed within 5 months; 2) State of Michtbcan, in the Valley of "Santa Ana Maya," 3 irrigation canals, lengths of 14,470 m., 4,120 m., 2,350 m., 10 wells (specifications unlisted), last day of registration is July 4, project must be completed within 6 months; 3) State of Baja California, asbestos cement piping, classification A-5, and sprinkling equipment consisting of 13,126 meters of portable aluminum piping of 7.62 cm. (3") and 360 meters of 10.16 cm. (4") in diameter, and accessories, along with special connections in the following diameter and approximate amounts: 10.16 cm (4"), 8,405 m., 15.24 cm. (6"), 9,015 m., 20.32 cm. (8"), 930 m., 25.40 cm. (10"), 740 m., last day of registration is July 2; 4) State of Michoacan, covering project "La Aldea," municipality of Morelia, installation of two complete pumping stations, last day of registration is July 10.

Interested companies may contact directly, or through an agent, the Jefatura de Irrigacion y Control de Rios, Direccion de Pequena Irrigacion, Paseo de la Reforma No. 69, 7 Piso, Mexico 1, D. F. to obtain detailed information about the proposed projects and to register to participate. Registration fee for each project is 50 pesos ($4).

Bolivia withdraws tender

The Empresas Nacional De Telecommunicaciones S.A. has temporarily withdrawn Tender No. 180 SF BO for the supply and installation of two telecommunications projects.

The next issue . . .

Subscribers to INTERNATIONAL COMMERCE are advised that a major expansion of the magazine involving broadened coverage of the business scene is immediately ahead. The next issue, to be published on July 13 rather than on July 6, will appear as a part of a new Department of Commerce biweekly publication entitled COMMERCE TODAY. Familiar INTERNATIONAL COMMERCE features will appear, along with reports on the domestic economy and on the applications of technology in the world of business. For more details, see the announcement on the back cover of this week's issue.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. The three-digit numbers and commodity classifications are from the Standard Industrial Classification (SIC) Manual. The five-digit numbers under each heading are from the Numerical List of Manufactured Products, 1967 Census of Manufacturers, Bureau of the Census and are used extensively by government and industry in classifying products.

U.S. firms should also be aware that the listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the *Department of Commerce Export Control Regulations* or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

NOTE: The SIC Manual is available for $4.50; The Numerical List of Manufactured Products (MC67-1) for $1.75 and the Export Control Regulations are priced at $12 a year. These publications may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or any of the 42 Department of Commerce Field Offices.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

- ● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.
- ★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number should specify country and TM number.
- **WTD** indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Agencies

Specific foreign firms have expressed interest in agency agreements for the products listed below. Exclusive agencies for these products are wanted only if specified.

201 Meat products

20110—FRENCH WEST INDIES—All kinds of meats prepared or cut for hotel use. SODIMAR (importer, distributor, retailer), B.P. 31, Marigot, St. Martin, Guadeloupe. WTD 4/70.

221 Broad woven fabric mills, cotton

22115—SOUTH AFRICA—Cotton combed, rayon mixtures. Raymond & Marshall Ltd. (importer, distributor, agent), P.O. Box 8976, 507 Ottawa House, 94 President St., Johannesburg. WTD 5/70.

22117—CANADA—Finished cotton broadwoven fabrics (made in weaving mills); plain dyed and finished; printed and finished; other finished cotton fabrics, mercerized, embossed, etc., primarily for ladies and children's sportswear trade. E. H. Heer & Son Ltd. (manufacturer's agent), 500 King St. West, Suite 324, Toronto 2B, Ontario. WTD in preparation.

222 Broad woven fabric mills, manmade fiber, silk

22213—SOUTH AFRICA—Suitings of 100% spun rayon. Raymond & Marshall Ltd. (importer, distributor, agent), P.O. Box 8976,

507 Ottawa House, 94 President St., Johannesburg. WTD 5/70.

22214 — CANADA — 100% spun polyester blends with cotton fabrics. E. H. Heer & Son Ltd. (manufacturer's agent), 500 King St. West, Suite 324, Toronto 2B, Ontario. WTD in preparation.

22217—SOUTH AFRICA — Polyester fabrics. Raymond & Marshall Ltd. (importer, distributor, agent), P.O. Box 8976, 507 Ottawa House, 94 President St., Johannesburg. WTD 5/70.

227 Floor covering mills, products

22710 — CANADA — Woven carpets, rugs. B/W Enterprises, Benson J. Smith Jr., Pres. (distributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

22720—CANADA — Tufted carpets, rugs. B/W Enterprises, Benson J. Smith Jr., Pres. (distributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

232 Men's, youths', boys' furnishings, work clothing

23271—SWITZERLAND — Fancy trousers, overalls, similar articles for babies, children; novelties. J. Herz Sohne; Attn: Leopold Herz (distributor, agent), Neuweg 10, 6000 Lucerne. WTD 6/70.

236 Girl's, children's, infants' outerwear

23630 — SWITZERLAND — Fancy jackets etc., for babies, children; novelties. J. Herz Sohne; Attn: Leopold Herz (distributor, agent), Neuweg 10, 6000 Lucerne. WTD 6/70.

23690—SWITZERLAND—Pullovers for babies, children; similar items; novelties. J. Herz Sohne; Attn: Leopold Herz (distributor, agent), Neuweg 10, 6000 Lucerne. WTD 6/70.

238 Apparel, accessories

23850 — SWITZERLAND — Baby diapers, plastic and rubberized, as well as similar items, accessories; novelties. J. Herz Sohne; Attn: Leopold Herz (distributor, agent), Neuweg 10, 6000 Lucerne. WTD 6/70.

243 Millwork, veneer, plywood, prefabricated structural wood products

24332 — FRANCE — Removable floors for computer rooms. T. T. B. (manufacturer), 204 Ave. des Trois Lucs, 13-Marseille, 12eme. WTD 6/70.

266 Building paper, building board mills

26611—FRANCE—Acoustical tiles for ceilings, wall coverings. Procedes et Materiaux Nouveaux (importer, manufacturer, agent), 204 Ave. des Trois Lucs, 13-Marseille, 12eme. WTD 6/70.

273 Books

27311 — AUSTRALIA — Children's educational books; hard or soft back; all price ranges. Saporex Trading Co. (importer, agent), 29 Deepwater Rd., East Roseville, N.S.W. 2069. WTD 12/69.

27315—AUSTRALIA—Variety of children's books; hard or soft back; all price ranges. Saporex Trading Co. (importer, agent), 29 Deepwater Rd., East Roseville, N.S.W. 2069. WTD 12/69.

275 General commercial printing

27519—SPAIN—Decalcomanias and pressure sensitives. Compania de Representaciones Extranjeras, S.A. (importer, distributor), Montalban, 9, Madrid 14. WTD 6/70.

281 Industrial chemicals

28122 — PARAGUAY — Sodium carbonate (soda ash) for soap making. Cofarma S.A. (importer, distributor, agent), Casilla Postal 894, Asuncion. WTD in preparation.

28123 — PARAGUAY — Sodium hydroxide (caustic soda) for soap making. Cofarma S.A. (importer, distributor, agent), Casilla Postal 894, Asuncion. WTD in preparation.

28180 — SWITZERLAND — Basic organic and inorganic raw chemicals of all kinds for industrial applications. IMIC (International Materials & Investment Corp.) (distributor, agent), chemin du Cap 3, 1006 Lausanne. WTD in preparation.

28190—SWITZERLAND — Industrial inorganic chemicals of all kinds for industrial application. IMIC (International Materials & Investment Corp.) (distributor, agent), chemin du Cap 3, 1006 Lausanne. WTD in preparation.

283 Drugs

28330—SWITZERLAND—Basic medicinal raw chemicals. Aldepha AG; Attn: Dr. P. Stein, Dir. (distributor, agent), P.O. Box 235, 8032 Zurich. WTD 6/70.

28340—PARAGUAY—Pharmaceutical preparations for human use, all kinds. Farmacia Belvedere (importer, distributor, agent), Calle Brasil y Espana, Asuncion. WTD in preparation.

28340 — SWITZERLAND — Pharmaceutical ethicals of all kinds. Aldepha AG; Attn: Dr. P. Stein, Dir. (distributor, agent), P.O. Box 235, 8032 Zurich. WTD 6/70.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

28440 — PARAGUAY — Toilet preparations, all kinds. Farmacia Belvedere (importer, distributor, agent), Calle Brasil y Espana, Asuncion. WTD in preparation.

285 Paints, varnishes, enamels

28511—SPAIN—Enamels, for metals. Compania de Representaciones Extranjeras, S.A. (importer, distributor), Montalban, 9, Madrid 14. WTD 6/70.

28513—SPAIN—Enamels, for finishing and decorating ceramic products. Compania de Representaciones Extranjeras, S.A. (importer, distributor), Montalban, 9, Madrid 14. WTD 6/70.

287 Agricultural chemicals

28710 — SWITZERLAND — Basic raw materials of all kinds for manufacture of agricultural fertilizers. IMIC (International Materials & Investment Corp.) (distributor, agent), chemin du Cap 3, 1006 Lausanne. WTD in preparation.

306 Fabricated rubber products

30698—SWITZERLAND—All kinds of toys made from rubber and plastic suitable for babies, children; novelties. J. Herz Sohne; Attn: Leopold Herz (distributor, agent), Neuweg 10, 6000 Lucerne. WTD 6/70.

307 Plastic products

30796—FRANCE—Plastics floor and wall covering; floor tile; wall tile, any construction plastic products. Procedes et Materiaux Nouveaux (importer, manufacturer, agent), 204 Ave. des Trois Lucs, 13-Marseille, 12eme. WTD 6/70.

324 Cement

32410—FRENCH WEST INDIES—Cement in 50 kilogram bags. Emilio Bourreau (agent), B.P. 265, Pointe-a-Pitre, Guadeloupe. WTD 5/70.

342 Cutlery, hand tools, general hardware

34291—PAKISTAN—Marine hardware. Industrial Engineering Products (importer, manufacturer, agent), 27/1 Mymensingh Rd., G.P.O. Box No. 237, Dacca, East Pakistan. WTD 6/70.

34294—FINLAND—Builders' hardware. Exclusive agency. Oy Autolux Ab (Fred Fischer, Sales Mgr.) (importer, distributor, agent), P.O. Box 10190, Helsinki 10. WTD 10/69.

351 Engines, turbines

35193—PAKISTAN—Marine diesel engines. M. Rahman & Co. (importer, agent), 319 Bora Maghbazar, Dacca, East Pakistan. WTD 4/70.

35195—PAKISTAN—Outboard motors. M. Rahman & Co. (importer, agent), 319 Bora Maghbazar, Dacca, East Pakistan. WTD 4/70.

35199—PAKISTAN—Parts and accessories for internal combustion engines. M. Rahman & Co. (importer, agent), 319 Bora Maghbazar, Dacca, East Pakistan. WTD 4/70.

352 Farm machinery

35220—PAKISTAN—Farm machinery and equipment for crop threshing, drying, grinding. Industrial Engineering Products (importer, manufacturer, agent), 27/1 Mymensingh Rd., G.P.O. Box No. 237, Dacca. WTD 6/70.

354 Metalworking machinery

35482—FINLAND—Portable electric hand tools; 220 v/50c. Exclusive agency. Oy Autolux Ab (Fred Fischer, Sales Manager) (importer, distributor, agent), P.O. Box 10190, Helsinki. WTD 10/69.

355 Special industry machinery

35513—PAKISTAN—Industrial food products machinery for fish, fruit and vegetable canning, wrapping and packing. Abdul Rahman (East Pakistan) Ltd. (distributor, manufacturer, agent, retailer), 85, Motijheel Commercial Area, Dacca-2. WTD 6/70.

35521—KOREA—Spinning frames and spindles to process fiberglass into roving yarn and twisted yarn; weaving machinery. SHIN GmbH-Korea (distributor, agent), C.P.O. Box 737, Seoul. WTD 8/69.

35531—CANADA—Woodworking machinery (except home workshop), including parts, attachments. B/W Enterprises, Benson J. Smith Jr., Pres. (distributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

35591—CANADA — Chemical manufacturing industries machinery, equipment, parts. B/W Enterprises, Benson J. Smith Jr., Pres. (dis-

tributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

35593—CANADA—Plastics-working machinery and equipment, excluding patterns and molds. B/W Enterprises, Benson J. Smith Jr., Pres. (distributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

35593—PARAGUAY—One plastics working machine for manufacture of disposable plastic cups. Agua y Bombas S.R.L. (importer, distributor, agent), Casilla Postal 566, Asuncion. WTD 3/70.

35595—CANADA—Tobacco and shoemaking machinery. B/W Enterprises, Benson J. Smith Jr., Pres. (distributor, agent), P.O. Box 712, Brantford, Ontario. WTD in preparation.

35595—KOREA—Textile fiber making machinery. SHIN GmbH-Korea (distributor, agent), C.P.O. Box 737, Seoul. WTD 8/69.

35595—PARAGUAY—Fuel-fired kilns for wood processing. L. A. Frutos, Intepar S.A. (importer, distributor, agent), Calle P. E. Ayala y Caballero, Asuncion. WTD 6/70.

358 Service industry machines

35852—JORDAN—Air conditioning, central units and packaged units with capacity from 30,000 BTU upwards. Hamdi & Ibrahim Mango Co. (importer, distributor, agent), P.O. Box 14, Amman. WTD in preparation.

35852 — PARAGUAY — Air conditioners, room and unitary, 5,000 to 150,000 BTU. Atilio Silvestri (distributor, manufacturer, retailer), Calle 25 de Mayo 1379, Asuncion. WTD in preparation.

35852—SWITZERLAND—Air conditioners, parts. Glutz-Blotzheim Nachfolger AG (importer, distributor, manufacturer), Segetzstrasse 13, 4500 Solothurn 1. WTD 5/70.

361 Electric transmission, distribution equipment

36110—GERMANY—Chemical, physiological and medical measuring instruments. Prices c.i.f. Hamburg or Bremen. Dr. Berthold G. Schlag (importer, distributor), 19 Am Muehlenberg, 507 Bergisch-Gladbach. WTD 6/70.

36113—GERMANY — Analytical measuring instruments. Prices c.i.f. Hamburg or Bremen. Techmation Gesellschaft fuer Messtechnische Automation mbH (importer, distributor), 34 Harff-Strasse, 4 Duesseldorf. WTD 6/70.

362 Electrical industrial apparatus

36220—SWITZERLAND—Industrial controls. F. Knobel & Co.; Attn: H. Lampe (importer, distributor, manufacturer), 8755 Ennenda. WTD 3/70.

363 Household appliances

36343—FINLAND—Small electric household appliances; 220 v/50c. Exclusive agency. Oy Autolux Ab (Fred Fischer, Sales Mgr.) (importer, distributor, agent), P.O. Box 10190, Helsinki 10. WTD 10/69.

36350 — FINLAND — Household vacuum cleaners, parts, and attachments; 220 v/50c. Exclusive agency. Oy Autolux Ab (Fred Fischer, Sales Mgr.) (importer, distributor, agent), P.O. Box 10190, Helsinki 10. WTD 10/69.

36391—FINLAND—Water heaters, electric; 220 v/50c. Exclusive agency. Oy Autolux Ab (Fred Fischer, Sales Mgr.) (importer, distributor, agent), P.O. Box 10190, Helsinki 10. WTD 10/70.

364 Electric lighting

36420—MOROCCO—Plastic imitation crystal electric fixtures, residential type, portable and non portable, including ceiling and wall type. Requests catalogs, exclusive agency. Quotations c.i.f. Casablanca. B.M.E.I.A. Maghreb Trading (importer, agent), 4, Rue Cottenest, Casablanca. WTD in preparation.

367 Electronic components, accessories

36790—GERMANY—Electronic components. Prices c.i.f. Hamburg or Bremen. Techmation Gesellschaft fuer Messtechnische Automation mbH (importer, distributor), 34 Harff-Strasse, 4 Duesseldorf. WTD 6/70.

369 Electrical machinery, equipment, supplies

36930 — FRANCE — Electroencephalographs, other up-to-date electromedical apparatus suitable for utilization in France. Price lists, descriptive literature requested. RACIA (distributor, manufacturer, agent), 65-65 bis Blvd. Pierre ler, 33 Bordeaux. WTD 5/70.

381 Engineering, laboratory, scientific, research instruments

38112 — GERMANY — Instruments in cryogenic field. Cryophysics GmbH (importer, distributor, agent), 6100 Darmstadt, AM Steinernen Kreuz 13. WTD 6/70.

382 Instruments for measuring, controlling, indicating physical characteristics

38212—BRAZIL—Parking control equipment such as automatic ticket dispensing machines, barriers, lights, audit and electrical counting equipment, time and date stamped ticket issuing mechanism. Staub S.A. Electronica Comercio e Industria (agent), Rua dos Missionarios 126, Caixa Postal 30318, Sao Paulo, S.P. WTD 6/69.

383 Optical instruments, lenses

38311—GERMANY—Laser equipment, electro-optical instruments, spectroscopes, etc. Cryophysics GmbH (importer, distributor, agent), 6100 Darmstadt, Am Steinernen Kreuz 13. WTD 6/70.

386 Photographic equipment, supplies

38617 — PAKISTAN — Sensitized paper for photocopy processes. M. Rahman & Co. (importer, agent), 319 Bora Maghbazar, Dacca, East Pakistan. WTD 4/70.

38618—PAKISTAN—Prepared photographic chemicals. M. Rahman & Co. (importer, agent), 319 Bora Maghbazar, Dacca, East Pakistan. WTD 4/70.

391 Silverware, platedware

39140—MOROCCO—Silver plated and stainless steel holloware, including table and kitchen articles such as plates, dishes trays, etc. Would be mostly interested in discontinued lines. Requests catalogs, exclusive agency. Quotations c.i.f. Casablanca. B.M.E.I.A. Maghreb Trading (importer, agent), 4, Rue Cottenest, Casablanca. WTD in preparation.

399 Manufacturing industries

39999—MOROCCO—Decorative items, gift items, other similar gadgets, specialties. Requests catalogs, exclusive agency. Quotations c.i.f. Casablanca. B.M.E.I.A. Maghreb Trading (importer, agent), 4, Rue Cottenest, Casablanca. WTD in preparation.

Leads for Importers

Commodities are offered direct unless specified

352 Farm machinery

35223—AUSTRIA—Special agricultural machinery for experimental stations such as seeding machines, tractor-drawn and self-propelled. Company interested in finding American agent. Descriptive literature available on loan from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Department of Commerce, Washington, D.C. 20230. F. Walter & H. Wintersteiger K.G. (manufacturer, exporter, importer), Dimmelstrasse, A-4910 Ried im Innkreis. WTD in preparation.

35225—AUSTRIA—Special agricultural machinery for experimental stations such as self-propelled plot combine harvester, laboratory threshing machines. Company interested in finding American agent. Descriptive literature available on loan from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Department of Commerce, Washington, D.C. 20230. F. Walter & H. Wintersteiger K.G. (manufacturer, exporter, importer), Dimmelstrasse, A-4910 Ried im Innkreis. WTD in preparation.

399 Manufacturing industries

39999—CONGO (K)—Paintings on paper, wood, cloth; greeting cards, stationary; African style shirts for sports, leisure with neck and sleeves embroidered. Requests replies in French. Descriptive listing in French available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Department of Commerce, Washington D.C. 20230. African American Labor Center (Cooperative), c/o American Embassy, A.P.O. 09662, New York, WTD in preparation.

504 Groceries

50490—NIGERIA—Coffee. F. O. Fadojutimi & Co. (importer, exporter, general merchant), Oke-Odunwo St., P.O. Box 110, Ondo. WTD 5/69.

505 Farm products, raw materials

50590—NIGERIA—Dry kolanuts. F. O. Fadojutimi & Co. (importer, exporter, general merchant), Oke-Odunwo St., P.O. Box 110, Ondo. WTD 5/69.

509 Wholesalers

50990—NIGERIA—Rubber sheets, timber logs. F. O. Fadojutimi & Co. (importer, exporter, general merchant), Oke-Odunwo St., P.O. Box 110, Ondo. WTD 5/69.

Malaysia issues tender for supply of radio equipment

The Director of Telecommunications Department Sarawak has issued a tender for the supply of VHF Radio Equipment. The bid deadline is August 3.

Bids should offer low and high power VHF radio equipment, remote control units, antennas, associated accessories and spares; various low power VHF radio equipment for vehicles and coastal vessels.

Copies of tender announcements and specifications are available from the Director of Telecommunications, Were Rd., Kuching, Malaysia on payment of M$20.00. (U.S.$1.00 = M$3.06).

Direct Sales

Specific foreign firms have expressed interest in direct purchases of the products below. See also the "Agencies" listing.

011 Field crop farms

01137—PARAGUAY—Seeds for black-eyed peas. Agrotechnica Italo Paraguaya S.R.L. (importer, agent), Calle Palma 767, Asuncion. WTD in preparation.

203 Canning, preserving foods

20310—AUSTRIA—Canned pink salmon and crabfish meat in 8 oz. and 16 oz. cans; canned salmon caviar; for sale under importer's label. Erich Schenkel & Sohn (importer, distributor, agent, retailer), Hasenauerstrasse 2, A-1190 Vienna. WTD 3/69.

20330—FRENCH WEST INDIES—Wide range of canned fruits and vegetables. Yvon Luber, SOFRIMA (importer), Zone Industriel, Lamentin, Martinique. WTD 5/70.

20334—GERMANY—Fruit juices. Sektkellerei Carstens KG (importer, distributor), 6730 Neustadt/Weinstr., Maximilianstr. 18. WTD 6/70.

20335 — GERMANY — Vegetable juices. Sektkellerei Carstens KG (importer, distributor), 6730 Neustadt/Weinstr., Maximilianstr. 18. WTD 6/70.

208 Beverage industries

20851 — GERMANY — Bourbon whiskey. Heinrich Bruder & Soehne Edelbranntweinbrennerei (importer, manufacturer), D-7601 Ebersweier/Schwarzwald. WTD 5/70.

20853 — GERMANY — American blended whiskey. Direct purchase and agency. Heinrich Bruder & Soehne Edelbranntweinbrennerei (importer, manufacturer), D-7601 Ebersweier/Schwarzwald. WTD 5/70.

20853 — GERMANY — Bourbon whiskey. Sektkellerei Carstens KG (importer, distributor), 6730 Neustadt/Weinstr., Maximilianstr. 18. WTD 6/70.

211 Cigarettes

21110 — BOLIVIA — Cigarettes. Bolivian American Tobacco Co., S.A. (importer, distributor, manufacturer, retailer), Calle Jorge Saenz 1380, P.O. Box 3862, La Paz. WTD 4/70.

221 Broad woven fabric mills, cotton

22113—BOLIVIA—Cloths, prints, cottons. Correspondence requested in Spanish. "La Sultana" de Jose Schuab (importer, retailer), Calle Mercado 1096, P.O. Box 840, La Paz. WTD 2/70.

22116—BOLIVIA—Drapery fabrics, cotton, including jacquard. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

22116—TRINIDAD—Upholstery fabrics for automative and household uses. Requests price quotations, samples. Geo. Attin's Auto & Electrical Supplies (importer, distributor, retailer), 7 Edward St., Port of Spain. WTD 5/70.

223 Broad woven fabric mills, wool

22313 — BOLIVIA — Woolen and worsted broad woven apparel fabrics, finished. Correspondence requested in Spanish. "La Sultana" de Jose Schuab (importer, retailer), Calle Mercado 1096, P.O. Box 840, La Paz. WTD 2/70.

225 Knitting mills, products

22590—BOLIVIA—Towels. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

227 Floor covering mills, products

22710 — BOLIVIA — Rugs, woven. Correspondence requested in Spanish. "La Sultana" de Jose Schuab (importer, retailer), Calle Mercado 1096, P.O. Box 840, La Paz. WTD 2/70.

22720—BOLIVIA—Rugs, tufted. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

228 Yarn, thread mills, products

22842 — PARAGUAY — Mercerized cotton thread, white and colors, in cones or skeins. Textil Algolana (manufacturer), Calle Azara 153, Asuncion. WTD in preparation.

229 Textile goods

22910—GERMANY—Felt pads of all shapes for recording instruments. Requests price quotations c.i.f. Hamburg or Bremen. DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG (importer, manufacturer, retailer), 1 Industriestrasse, 516 Dueren. WTD 5/70.

22952—TRINIDAD—Vinyl coated upholstery fabrics for automotive and household uses. Requests price quotations, samples. Geo. Attin's Auto & Electrical Supplies (importer, distributor, retailer), 7 Edward St., Port of Spain. WTD 5/70.

239 Fabricated textile products

23920—GERMANY—Polishing, dusters and cleaning cloth for industrial purposes mainly. Sueddeutsche Putzwollfabrik Anton Argenton KG (distributor), 6101 Bickenbach, Bahnhofstr. 79. WTD 8/69.

243 Millwork, veneer, plywood, prefabricated structural wood products

24332 — NETHERLANDS — Pre-fabricated wooden bungalows, houses, etc. Exclusive representations for Benelux countries. FETIM N.V. Fijnhout en Triplex Import, Attn: Dr. C. J. Aardenburg (importer, distributor), Sandvikweg 2, Amsterdam-Houthaven. WTD 4/70.

251 Household furniture

25143—BOLIVIA—Furniture: metal porch, lawn, outdoor. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

25190—MOROCCO — Household furniture, plastic, made in sections. Quotations c.i.f. Casablanca. Direct purchase and agency. B.M.E.I.A. Maghreb Trading (importer, agent), 4, Rue Cottenest, Casablanca. WTD in preparation.

252 Office furniture

● **25200—SHAPE**—Supply of 288 straight chairs with arms, upholstered seats and backs; 80 easy chairs with arms, upholstered; 128 writing tables of wood, with two center drawers, walnut or oak color. Tender No. 37/70; bid deadline July 10. Invited by the Purchasing and Contracting Officer, Supply Branch, Headquarters Command, Supreme Headquarters Allied Powers Europe (SHAPE), Belgium. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868). Only U.S. firms certified by the Department of Commerce are eligible to bid on NATO projects. U.S. firms interested in certification should contact the International Liaison & Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230.

254 Partitions, shelving, lockers, office, store fixtures

25410—AUSTRALIA—Sound control equipment; booths. Direct purchase and/or licensing agreement. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilder), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

25410 — NETHERLANDS — Wooden front elements, wall panelling, etc. Exclusive representations for Benelux countries. FETIM N.V. Fijnhout en Triplex Import, Attn: Dr. C. J. Aardenburg (importer, distributor), Sandvikweg 2, Amsterdam-Houthaven. WTD 4/70.

262 Paper mills

26219 — GERMANY — Coarse paper which can be converted into wallpaper. Hermann Haas KG (importer, distributor, manufacturer), 6342 Haiger-Dillkreis, Postfach 88. WTD 6/69.

264 Converted paper, paperboard products

26451—JAPAN—Office supplies, miscellaneous products. Aiwa Corp. (importer, exporter), Hioki Bldg., 2-25 Shimohioki-cho, Nakaku, Nagoya. WTD 5/70.

26451 — SWITZERLAND — Folders, filing accessories and systems made from cardboard and plastic, similar novelty items suitable for distribution by bookbinding industries. Direct purchase and agency. Baumann & Co. AG; Attn: Max Ruegger, vice pres. (manufacturer, agent), 8703 Erlenbach. WTD 5/70.

26491—SWITZERLAND—Attractively arranged and designed consumer stationery sets and boxes, made from cardboard, plastics or plastic coated; novelties in this field; related giftware. Direct purchase and agency. Baumann & Co. AG; Attn: Max Ruegger, vice pres. (manufacturer, agent), 8703 Erlenbach. WTD 5/70.

272 Periodicals: publishing, printing

27210—PARAGUAY—Periodicals, all kinds, in Spanish and English, particularly those dealing with women's fashions, architecture and building construction, home decoration, art metal work, leather work and leather handicrafts, fishing and hunting, automobile sports. Direct purchase and agency. Selecciones S.A.C. (importer, distributor, agent), Calle Iturbe 436, Asuncion. WTD in preparation.

273 Books

27310—PARAGUAY—Books, all kinds, in

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Spanish. Direct purchase and agency. Selecciones S.A.C. (importer, distributor, agent), Calle Iturbe 436, Asuncion. WTD in preparation.

278 Bookbinding industries

27821—SWITZERLAND—Novelty items in the field of albums, scrap books, diaries, similar articles. Direct purchase and agency. Baumann & Co. AG; Attn: Max Ruegger, vice pres. (manufacturer, agent), 8703 Erlenbach. WTD 5/70.

281 Industrial chemicals

28190—PAKISTAN—Refrigerants, ammonia type: anhydrous ammonia in steel cylinders used in cold storage—100 cylinders each containing 100-lb. gas; freon-12, used in refrigerators—30 cylinders each containing 100-lb. gas; freon-22, used in air conditioners—25 cylinders each containing 100½-lb. gas. Impex Corp. (importer, agent), Hamid St. No. 7, 19-B Fleming Road, Chowk Baraf-Khana, Lahore 7. WTD 6/70.

28199—PARAGUAY—Activated carbon, decolorizing; 11,000 lbs. Compania Algodonera Paraguaya S.A. (manufacturer), Calle 14 de Mayo y Palma, Asuncion. WTD in preparation.

282 Synthetic materials

28210—JORDAN—Chemicals for production of foam rubber. New factory seeks supply of following chemicals, or equal, for first yr. operation: 100 metric tons Voranol; 10 metric tons Frigen 11; 50 metric tons TDI; 500 kgs. silicone DC 190; 500 kgs. DMEA; 300 kgs. TIN T-9. Chemicals to be shipped in 3 or 4 consignments over 1 yr. period beginning Fall 1970. Requests prices c. & f. Aqaba, Jordan and c. & f. Beirut, Lebanon in transit to Jordan, and conditions of payment. Arab Foam Factory Co. Attn: Odeh Khoury (distributor, manufacturer), P.O. Box 1039, Amman. WTD in preparation.

28211—GERMANY—Plastic film material. Hermann Haas KG (importer, distributor, manufacturer), 6342 Haiger/Dillkreis, Postfach 88. WTD 6/69.

28242—KOREA—Noncellulosic fiber except nylon: 100% modacrylic fiber for use as raw material in wig manufacturing. Specifications: setting temperature: 65-85° C.; denier: 45-50 D; color: based on JL coloring; dyeing: colored resins to be used to process fabric; free of electronic generation as far as possible; nonflammable; washable for permanent press. Direct purchase and agency. Korea Product Center Ltd. (importer, manufacturer, agent), C.P.O. Box 732, Seoul. WTD in preparation.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

28440 — HONG KONG — Cosmetics. Hip Shing Tai Co. (importer, distributor, agent), 9 Kwong Yuen St. E., P.O. Box 13492. Cable: 4114 Hong Kong. WTD in preparation.

289 Chemical products

28930—GERMANY—Recording ink in containers. Requests price quotations c.i.f. Hamburg or Bremen. DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG (importer, manufacturer, retailer), 1 Industriestrasse, 516 Dueren. WTD 5/70.

28993—SOUTH AFRICA—Anti-foam compounds of poly-oxy type for prevention of foaming in steam boilers. Chemserve-Davco (Pty.) Ltd. (importer, agent), 364 Umbilo Rd., Durban. WTD 5/70.

301 Tires, tubes

● **30100—GREECE**—Bids are requested by the Ministry of Trade for 5,352 aircraft tires and 2,815 aircraft tubes. Tender No. 2/404/70; bids are due July 20, to the Ministry of Commerce, 2nd Directorate of State Purchases, 75 Solonos St., Athens. Tenders are available on a loan basis from the Chemicals Division, BDSA, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-3381). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Office Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

30111 — BOLIVIA — Tires, pneumatic for automobiles. Renjel & Barbera, Importadores (importer, distributor, retailer), Calle Soria Galvarro 1480, P.O. Box 104, Oruro. WTD 4/70.

30111 — BOLIVIA — Tires, pneumatic for automobiles, motorcycles. Linale & Weiss S.A. (importer, distributor, agent, retailer), Av. Montes 601-605, P.O. Box 216, La Paz. WTD 5/70.

30114—AUSTRALIA—Economy automobile tires. Banox Manufacturing Co. (importer, distributor, agent), Wickham & Brookes St., Fortitude Valley, Queensland 4006. WTD 6/70.

307 Plastic products

30796 — AUSTRIA — Structural shapes for use in construction and machine industries. BEST Baueisen- und Stahlbearbeitungsges.mbH (steel service, cutting, bending for building trade), Industriestrasse 25, A-4052 Haid-Ansfelden. WTD in preparation.

30798—MOROCCO—All kinds of bathroom accessories, articles made of plastic. Direct purchase and agency. Quotations c.i.f. Casablanca. B.M.E.I.A. Maghreb Trading (importer, agent), 4. Rue Cottenest, Casablanca. WTD in preparation.

322 Glass, glassware

32291—JAPAN—Art and novelty glassware. Aiwa Corp. (importer, exporter), Hioki Bldg., 2-25 Shimohioki-cho, Naka-ku, Nagoya. WTD 5/70.

329 Abrasive, asbestos, nonmetallic mineral products

32990—ENGLAND—Filamic sheet and components cut from this material. British Domestic Appliances Ltd. (manufacturer), Peterborough, Northamptonshire. WTD 5/69.

331 Steel mill products

● **33100 — CHILE** — 108,000 meters of uncoated black steel wire for overhead electrical conductors. Tender for "Supply of Steel Wire"; bid deadline July 16. Empresa Nacional de Electricidad S. A., Santiago. Copies of tender documents available from Iron and Steel Division, BDSA-669, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4412).

● **33100—PAKISTAN**—1,325 L.T. of M.S. billets conforming to B.S.S. —15 in length of 18' to 20' & short length up to 10% of total qty; tensile strength 28/33 tons per sq. inch size 2" x 2" to 3" x 3". Tender No. AU/MEC/IDA-49-Pak/70-71/1; bid deadline Sept. 1. East Pakistan Agricultural University, Mymensingh. Copies of tender documents available from Project Director, East Pakistan Agricultural University, Mymensingh, East Pakistan.

33124 — AUSTRIA — Structural shapes for use in construction and machine industries. BEST Baueisen- und Stahlbearbeitungsges.mbH (steel service, cutting, bending for building trade), Industriestrasse 25, A-4052 Haid-Ansfelden. WTD in preparation.

33126—BOLIVIA—Steel pipe and tube. Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

333 Primary smelting, refining of nonferrous metals

● **33300 — INDIA** — Supply of electrolytic copper wire bars. Bid deadline July 4. Tender No. RE(S) 3 of 1970. Contact Railway Electrification, Railway Board, Room No. 102, Rail Bhavan, Raisina Road, New Delhi, India.

33397 — GERMANY — Non-ferrous metals; scrap metals; c.i.f. European ports. Ostermann & Co., Metallwerke (importer, distributor, manufacturer, exporters), 2-4 Gruner Weg, 5 Koeln. WTD 5/70.

334 Secondary smelting, refining of nonferrous metals

33416—BOLIVIA—Nickel base, secondary smelting and refining. Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

335 Rolling, drawing, extruding of nonferrous metals

● **33500—THAILAND**—Supply of 400 metric tons of prestressing wire, 4mm. diameter, tensile strength 175 kg/sq.mm.min., yield strength 148 kg/sq.mm.min. Tender No. MEA-PSD-196; bid deadline July 6. Contact Purchases & Stores Dept., Metropolitan Electricity Authority, 121 Chakraphet Rd., Bangkok 2.

336 Nonferrous foundries

33620—BOLIVIA—Copper and copper-base alloy casting. Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

342 Cutlery, hand tools, general hardware

34231—BOLIVIA—Tools, mechanics and service. Linale & Weiss S.A. (importer, distributor, agent, retailer), Av. Montes 601-605, P.O. Box 216, La Paz. WTD 5/70.

34231—BOLIVIA—Tools, mechanics hand service. Cia. Comercial Suizo-Boliviana Ltda. (importer, distributor, retailer), Calle San Martin esq. Colombia, P.O. Box 566, La Paz. WTD 5/70.

34232—GERMANY—Tools, hand, all types —hammers, pliers, saws, files etc. c.i.f. European ports. Meister-Werkzeuge, Walter Meister & Co. (distributor, manufacturer, exporter), 38 Oberkamper Strasse, 56 Wuppertal-Cronenberg. WTD 5/70.

343 Heating apparatus, plumbing fixtures

● **34300—PAKISTAN**—Supply of 83 lavatories with combination fittings; 52 drinking fountains; 43 wall-hung urinals; 24 squat urinals; 32 squat-type toilets; 28 Western-type toilets, and 8 slop sinks. Tender No. AU/MEC/IDA-87-Pak/70-71/2; bid deadline Aug. 8. Purchaser: Project Director, East Pakistan Agricultural University, Mymensingh, East Pakistan, Cable AGRIVARSITY, Mymensingh. Tender

documents available for Rs. 20 or its dollar equivalent (not refundable) from tender issuing authority. One set available for review in Room 5611 of Construction and Building Materials Division, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-3602). Procurement financed by IDA Credit 87-Pak.

34336—AUSTRALIA—Industrial incinerators. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilder), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

344 Fabricated structural metal products

● **34400—IRELAND**—Supply, delivery and erection of 3 each 250 MW oil fired boiler units. Tender No. 702P; bid deadline Oct. 1. The Secretary, Electricity Supply Bd., Lower Fitzwilliam St., Dublin 2. Specifications available from the Power & Electrical Equipment Division, Room 5886C, BDSA, U.S. Department of Commerce, Washington, D.C. ★(202-967-4188).

34432—BOLIVIA—Steel plate. Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

346 Metal stampings

34614 — BOLIVIA — Aluminum utensils household, hospital and commercial. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

34615—HONG KONG—Stainless steel kitchenware. Fortitude Engineers Co. (importer, distributor), Rm. A, Majestic House, 6/F, 80 Nathan Rd., Kowloon. Cable: FORENGINER. WTD 10/69.

347 Coating, engraving, allied services

34710 — GERMANY — Polishing cloths. Prices c.i.f. Hamburg or Bremen. Hermann Starting (manufacturer), P.O. Box 4, 4292 Rhede b. Bocholt. WTD 3/70.

349 Fabricated metal products

34943 — GERMANY — Ball stop cocks for pressures up to 25 atmospheres, fluorocarbon polymer-covered resistant to corrosion, acid, hot water, oil. Price quotations c.i.f. European ports. Kreuzstromwerk GmbH (importer, distributor), 1-3 Sedanstrasse, Schliessfach 2109, 58 Hagen/W. WTD 3/70.

34970 — SWITZERLAND — Self adhesive foils and tapes, attractively designed, for bookbinding, other purposes. Direct purchase and agency. Baumann & Co. AG; Attn: Max Ruegger, vice pres. (manufacturer, agent), 8703 Erlenbach. WTD 5/70.

34990 — BOLIVIA — Aluminum giftware, hammered. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

353 Construction, mining, materials handling machinery, equipment

35318 — SWITZERLAND — Multipurpose cranes for use on construction sites. Direct purchase and agency. Stahl und Maschinenbau AG; Attn: Mr. Meister (distributor, agent), Allmendstrasse, 6048 Horw. WTD 6/70.

35351 — SWITZERLAND — Overhead conveying systems for commercial, industrial applications. Direct purchase and agency. Stahl und Maschinenbau AG; Attn: Mr. Meister (manufacturer, agent), Allmendstrasse 6048 Horw. WTD 6/70.

35362 — SWITZERLAND — Special cranes for container handling purposes. Direct purchase and agency. Stahl und Maschinenbau AG; Attn: Mr. Meister (distributor, agent), Allmendstrasse, 6048 Horw. WTD 6/70.

354 Metalworking machinery

35481—AUSTRALIA—One waterbox type machine making cast iron soil pipe; nominal bores up to 6 in., up to 10 ft. in length. Stewarts & Lloyds (Australia) Pty. Ltd. (importer, distributor, manufacturer), P.O. Box 156, Newcastle, N.S.W. 2300. WTD 6/69.

35482 — FRANCE — Armature coilers for electric engines (direct current) for 2′, 5½″ diameter coils. Thomson Houston-Hotchkiss Brandt (importer, manufacturer), 173 Blvd. Haussmann, Paris 8eme. WTD 2/70.

355 Special industry machinery

35531—PHILIPPINES—Woodworking machinery, including parts and attachments, for manufacture of furniture, doors, parts. Sarmiento Distributors Corp. (importer, distributor), Sarmiento Bldg., Ayala Ave., Makati, Rizal. WTD in preparation.

35552—GERMANY—Ink rollers for recording instruments. Requests price quotations c.i.f. Hamburg or Bremen. DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG. (importer, manufacturer, retailer), 1 Industriestrasse, 516 Dueren. WTD 5/70.

35595—HONG KONG—Leather tanning machinery. Textile Alliance Ltd. (importer, distributor), 5/F, Star House, 3 Salisbury Rd., Kowloon. Cable: ALLTEXTILE. WTD 1/69.

35595—PARAGUAY—Equipment for manufacture of flashlights, smaller size dry batteries, Cornelius Walde, Chacomer S.R.L. (importer, distributor, agent), Casilla Postal 707, Asuncion. WTD in preparation.

356 General industrial machinery

35621—BOLIVIA—Ball bearings, complete. Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

35642—AUSTRALIA—Air pollution control equipment: electrostatic precipitators; air washers; filters; blowers; dust collectors. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilders), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

35663 — BOLIVIA — Chains for sprocket drive, mechanical power (bikes). Inversiones Generales S.A. (importer, manufacturer), Plaza Zalles 281, P.O. Box 2723, La Paz. WTD 4/70.

357 Office, computing, accounting machines

● **35700—TANZANIA**—Supply of 450 model 88 typewriters in the following quantity and size: 350 with 18″ carriage; 50 with 15″ carriage; 50 with 11″ carriage. Tender No. CTB/TEN/II/T/2; bid deadline July 29. Invited by the Secretary, Central Tender Board, P.O. Box 49, Dar es Salaam, Tanzania. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

35720—ISRAEL—Compact typing units for on-line terminals capable of operating under electronic control. ICP International Computer Products (Israel) Ltd. (importer, manufacturer, exporter), 32 Ben Yehuda St., P.O. Box 26068, Tel Aviv. WTD in preparation.

35733 — ISRAEL — Magnetic tape units; punch card and badge readers produced by other than complete EDP manufacturers. ICP International Computer Products (Israel) Ltd. (importer, manufacturer, exporter of EDP mini-computer systems), 32 Ben Yehuda St., P.O. Box 26068, Tel Aviv. WTD in preparation.

35743—ISRAEL—Parts and attachments for calculating and accounting machines; compact typing units to be used in on-line terminals. ICP International Computer Products (Israel) Ltd. (importer, manufacturer, exporter of EDP mini-computer systems), 32 Ben Yehuda St., P.O. Box 26068, Tel Aviv. WTD in preparation.

358 Service industry machines

35853—EL SALVADOR—Commercial ice making equipment: one 328 sq. ft. of 1″ FWBS pipe made into a double-nested VW coil, about 26″ wide x 13′ 2″ long x 25″ high overall; complete with 2″ headers and requiring a 26½″ raceway placed lengthwise inside of freezing tank (freezing tank not required). One ammonia accumulator 12″ diameter x 6′ long, with standard equipment. One 12″ vertical agitator with 3 HP VBD motor with manual starter for 3 phase, 60 cycles, 220 volts (1200 R.P.M. motor). For delivery from New Orleans. Rafael Gallegos (agriculturist/industrialist), Apartado Postal 35, San Salvador. WTD in preparation.

35892 — AUSTRALIA — Sewage/sludge/industrial waste disposal units; sewage treatment plants; effluent treatment plants; water treatment plants; aerators; chemicals for water purification/treatment. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilder), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

361 Electric transmission, distribution equipment

● **36100—MALAYSIA**—Supply power transformers and control equipment for various substations. Tender No. 9099; bid deadline July 15. Specifications available for approx. $9 (U.S.) from The Purchasing & Contracts Officer, National Electricity Board of the States of Malaysia, P.O. Box 1003, No. 129, Jalan Bangsar, Kuala Lumpur, Malaysia.

● **36100—NEW ZEALAND**—Supply and delivery 1 each 100 MVA 110/33 KV transformer bank and one spare unit, for the Dakurange Substation. Tender No. 546; bid deadline Aug. 4. Secretary, Tenders Committee, New Zealand Electricity Dept., P.O. Box 12144, Wellington, North New Zealand; Specifications available from the Power & Electrical Equipment Division, BDSA, Room 5886C, U.S. Department of Commerce, Washington, D.C. (202-967-4188). A copy will also be available at the Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

36110—GERMANY—Measuring instruments and electronic components. Prices c.i.f. Hamburg or Bremen. Direct purchase and agency. Amroh-Kauderer GmbH (importer), 8 Kaiser-Friedrich-Strasse, 404 Neuss. WTD 6/70.

36113—GERMANY—Recording electrodes for metal paper, recording sapphires for wax diagram recording; recording pen of metal,

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glass and plastics. Requests price quotations c.i.f. Hamburg or Bremen. DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG (importer, manufacturer, retailer), 1 Industriestrasse, 516 Dueren. WTD 5/70.

362 Electrical industrial apparatus

36214—JAPAN — One used electric power generator set ready for immediate shipment, capacity 20,000 KW (or 2 sets x 10,000 KW), 50 cycles, 15,000 volts with diesel engine, gas turbine, jet engine, using such liquid fuels as oil, kerosene, naphtha, etc. Okura Trading Co., Ltd., Heavy Industry Dept. (importer, distributor), 3-6 Ginza 2-chome, Chuo-ku, Tokyo. WTD 12/69.

36220 — AUSTRALIA — Measuring equipment; equipment used for detection and measurement of air/water pollution. Direct purchase and/or manufacture under license. Evans Deakin & Co. Pty. Ltd. (manufacturer), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

364 Electric lighting, wiring equipment

36421—BOLIVIA—Lamp fixtures, electric, residential. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

367 Electronic components, accessories

36740 — SWITZERLAND — Semiconductor diodes, rectifiers, similar items. Direct purchase and agency. Kurt Hirt AG; Attn: Kurt Hirt (distributor, agent), Gemsenstrasse 2, 8006 Zurich. WTD 4/70.

36792—SWITZERLAND—Capacitors, condensors for electronic applications. Direct purchase and agency. Kurt Hirt AG; Attn: Kurt Hirt (distributor, agent), Gemsenstrasse 2, 8006 Zurich. WTD 4/70.

36793—AUSTRALIA—Sound control equipment: attenuating devices. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilder), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

36793 — SWITZERLAND — Resistors for electronic applications. Direct purchase and agency. Kurt Hirt AG; Attn: Kurt Hirt (distributor, agent), Gemsenstrasse 2, 8006 Zurich. WTD 4/70.

36795—SWITZERLAND—Printed circuits, similar items. Direct purchase and agency. Kurt Hirt AG; Attn: Kurt Hirt (distributor, agent), Gemsenstrasse 2, 8006 Zurich. WTD 4/70.

369 Electrical machinery, equipment, supplies

36920—BOLIVIA—Batteries, primary (dry & wet) including parts and supplies. Renjel & Barbera, Importadores (importer, distributor, retailer), Calle Soria Galvarro 1480, P.O. Box 104, Oruro. WTD 4/70.

371 Motor vehicles, motor vehicle equipment

37141—BOLIVIA—Parts and accessories for passenger cars, trucks, busses. Renjel y Barbera, Importadores (importer, distributor, retailer), Calle Soria Galvarro 1480, P.O. Box 104, Oruro. WTD 4/70.

37141—BOLIVIA—Parts and accessories for passenger cars, trucks. Linale & Weiss S.A. (importer, distributor, agent, retailer), Av. Montes 601-605, P.O. Box 216, La Paz. WTD 5/70.

373 Ship building, repairing

37313—MEXICO—Used harbor-tugboat for docking and undocking ships with following specifications: 1000/1500 H.P. two or one propeller; from 120 to 140 gross tons and from 8 to 15 ft. draft; equipped with 6 or 8 cabins for crew, radio-telephone and fire extinguisher equipment. Sindicato de Amarradores y Remolques del Puerto de Veracruz (importer), Zaragoza No. 347. WTD 1/70.

381 Engineering, laboratory, scientific, research instruments

● **38100—PAKISTAN**—Supply of manually operated hydraulic concrete tester; 2 cylinder moulds; ammonia printing machine; theodolite with stand; leveling instrument with stand; 2 drafting tables, size 6' x 4' approximately. Tender No. VI/73/1713 (12); bid deadline July 15. Invited by the Procurement Officer, East Pakistan Agricultural University, Mymensingh, East Pakistan. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

38112—AUSTRIA—Laboratory instruments, machines, and equipment for use by seed cultivating institutes, such as seed cleaners, seed sorting machines, germination plants, etc. Direct purchase and agency. F. Walter & H. Wintersteiger K.G. (importer, manufacturer, exporter), Dimmelstrasse, A-4910 Ried im Innkreis. WTD in preparation.

382 Instruments for measuring, controlling, indicating physical characteristics

● **38200—INDIA**—Supply of equipment required for fatigue testing of various railway components, assemblies, and structures under dynamic load conditions; the same equipment would also be utilized for performing static load tests. Tender No. 514/13/007/25.4.70; bid deadline July 30. Invited by the Director General, Supplies and Disposals, Jeevantara Building, Parliament St., New Delhi. Tender documents available at $4.50 each, from the India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Ref: CDN/ENQ/90.

38216 — AUSTRALIA — Measuring equipment; used for detection and measurement of air/water pollution. Direct purchase or manufacture under license. Evans Deakin & Co. Pty. Ltd. (manufacturer, shipbuilder), 251 Charlotte St., Brisbane, Queensland 4000, G.P.O. Box 1421, Brisbane, Queensland 4001. WTD in preparation.

391 Jewelry, silverware, plated ware

39141—BOLIVIA—Silverware, plated ware, stainless. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

395 Pens, pencils, office, artists' materials

39550—GERMANY—Ribbons or tapes for recording instruments. Requests price quotations c.i.f. Hamburg or Bremen. DIA-Zubehoer fuer die Messtechnik, E. Nielsen KG (importer, manufacturer, retailer), 1 Industriestrasse, 516 Dueren. WTD 5/70.

396 Costume jewelry, novelties, buttons, notions

39610—HONG KONG—Costume jewelry, costume novelties, other related gift items. Bob's Gift Shop (importer, distributor, retailer), 16 Mody Rd., P.O. Box 6930, Kowloon. Cable: BHAGWAN. WTD in preparation.

399 Manufacturing industries

39961—BOLIVIA—Linoleum floor covering. Manuel Bueno e Hijos (importer, distributor, retailer), Calle Loayza 137, P.O. Box 332, La Paz. WTD 4/70.

39961—BOLIVIA—Linoleum floor covering. Correspondence requested in Spanish. "La Sultana" de Jose Schuab (importer, retailer), Calle Mercado 1096, P.O. Box 1096, La Paz. WTD 2/70.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

39992—ISRAEL—Coin-operated amusement machines (hit-and-run, base-ball, etc.). Jacov NIV, 18 Hamahrozet St., Jaffa. WTD in preparation.

39999—ITALY—Tobacco pipes, cigar and cigarette holders and cases, miscellaneous smokers' supplies. Direct purchase and agency. INTERFLAME (importer, distributor, agent), Via Nizza 126, 00198 Rome. WTD 5/70.

39999—JAPAN—Perfume atomizers. Aiwa Corp. (importer, exporter), Hioki Bldg., 2-25 Shimohioki-cho, Naka-ku, Nagoya. WTD 5/70.

Malaysia publishes notification of land development projects

The Federal Land Development Authority of Malaysia is calling for firms to prequalify to bid on works of the second stage of the Jengka Land Development Project, State of Pahang, West Malaysia. The works are comprised of 1) agricultural development: a) jungle clearing for the planting of oil palm/rubber, b) construction of agricultural and harvesting roads, c) budgrafting; 2) village development and general: a) destumping of village areas, b) supply and construction of timber houses of settlers, office buildings, staff quarters, and other ancillary buildings. The project, Notice No. BK 40/1970, will be partly financed from World Bank sources.

Interested firms are requested to write to The Chairman, Federal Land Development Authority, Jalan Maktab, Kuala Lumpur, West Malaysia (telegraphic address: TANAHMAJU) for application forms and a brief description of the works. Completed application forms and registration fee of M$50.00 should be submitted to the Chairman to reach him not later than August 15.

One set of these documents, composed of a notice of invitation, project description, application form, questionnaire, and map of West Malaysia, is available for review in Room 5611, Construction and Building Materials Division, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-3602).

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

AUSTRALIA—Kenneth F. Currie, Quality Installations Pty. Ltd., 108 Florence St., Burwood, Vic. 3125, **interested in agency and/or license to manufacture conveying systems.** June 22 via Los Angeles for 14 days. c/o Australian Trade Commission, Suite 1510, 3600 Wilshire Blvd., Los Angeles, Calif. 90005 or 650 Fifth Ave., New York, N.Y. 11215. Itinerary: Los Angeles, New York. WTD 6/70.

ECUADOR—Claudia R. Heredia, Manager, Folklore Cuenca, Pinchincha 315, Guayaquil, **interested in exporting native handicrafts.** First half of July via New York for 2 mos. c/o Mrs. Ruth Andrade, 3720 84th St., Apt. 52, Jackson Heights, N.Y. 11372. Itinerary: New York, Washington, D.C., Boston. WTD in preparation.

ISRAEL—Asher Israeli, Manager, Eng. A. Israeli Ltd.—Management and Consulting Engineers, Tel Aviv, **interested in visiting U.S. manufacturers and/or users of bulk storage and transportation equipment for maize starch and syrup to observe equipment in operation, in contacting firms which can supply new systems of packaging for paints and motor oil, in studying new processes for refining used motor oil, and in observing automated storage systems in general.** June 22 via New York for 2-4 weeks. c/o Kibbutz Industry Associates, 155 E. 50th St., New York, N.Y. 10022. Itinerary: New York area, cities in New Jersey, Maryland, Minnesota, others as necessary. WTD in preparation.

IVORY COAST—Assale Adou, Societe Ivoirienne d'Appareils Electro-Menagers (SOCIMAN), Division AA-Import Export, B.P. 9065, Abidjan, **interested in importing U.S. household electrical appliances and exporting Ivory Coast hides and skins, handmade fabrics, other artisan products.** July 8 via New York for a week or two. c/o Department of Commerce New York Field Office. Itinerary: New York. WTD in preparation.

NEW ZEALAND—Eric J. S. Kjaer, Manager, Smith-Biolab Ltd., Scientific & Laboratory Equipment Div., P.O. Box 36-007, Auckland, **interested in representing U.S. manufacturers of scientific apparatus and laboratory equipment for medical and chemical applications, associated disposable lines.** July 1 via New York for 21 days. Itinerary: 7/1-8 New York c/o Waldorf-Astoria Hotel, Park Ave. & E. 50th St., New York, N.Y. 10022; Boston, St. Louis; 7/13-14 San Francisco c/o Sir Francis Drake Hotel, Powell & Sutter Sts., San Francisco, Calif. 94101; 7/14-17 Los Angeles c/o Beverly Hilton Hotel, 9876 Wilshire Blvd., Los Angeles, Calif. 90210. WTD 2/70.

SOUTH AFRICA—Donald Eric Soper, Samuel Osborn S.A. Ltd., P.O. Box 25619, Denver, Transvaal, **interested in new lines of U.S. electric motor control gear, twist drill manufacturing equipment and sales outlets for high quality speed steel twist drills, reamers, milling cutters.** July 12 via Los Angeles for 4½ weeks. c/o M. A. Wrotniak, Great Lakes Carbon Corp., 299 Park Ave., New York, N.Y. 10017 (212-935-7310). Itinerary: Los Angeles, Denver, Chicago, Cleveland, New York, Buffalo, Beaver, Pa., Philadelphia, Washington, D.C., Detroit, St. Louis. WTD 5/67 under revision.

URUGUAY—Washington Corallo & Wilfredo N. Azzato, representing Vicry, S.A., Calle Mercedes 1464, Montevideo, **interested in purchasing U.S. glass equipment and machinery and requesting technical information.** July 6 via New York for 30 days. c/o General Glass International, Inc., Boardwalk Bank Bldg., 5 S. Virginia Ave., Atlantic City, N.J. 08401. Itinerary: New York, Rosedale, N.Y., Creighton, Pa., Clarksburg, W. Va., St. Louis, Seattle. WTD 3/70.

Irish agency issues tender for subscriber telex exchanges

The Engineer in Chief, Contracts Section, Department of Posts and Telegraphs has issued Tender No. C/513/8/14 for the supply and installation of telex exchanges. The bid deadline is 4 p.m. August 14.

Bids should offer subscriber telex exchanges for installation at Limerick and Galway.

Copies of the tender announcement and specifications are available from the Engineer in Chief, Contracts Section, Department of Posts, Hawkins House, Dublin 2, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

India issues tender for design and construction of bridge

The Chief Engineer, Calcutta Port Commissioners, acting on behalf of the Hooghly River Bridge Commissioners, Calcutta, has issued an international invitation for bids for the design and construction of the Second Hooghly River Crossing in Calcutta. Bids with designs are due in the Port Commissioners Office, Calcutta, by Sept. 30.

The project is estimated to cost around Rs. 16 Crores ($21,300,000), a figure including the bridge structure and approaches on both banks. Firms may bid on the whole project or on bridge or approaches separately. The bridge is to be on a high level six-lane span. The design is entirely open, and the Commission has not even ruled out the possibility of a tunnel if some company wants to propose it; however, engineers in Calcutta doubt a tunnel could meet the cost competition from a bridge.

Full tender documents are available from the Chief Engineer, Calcutta Port Commissioners, on payment of Rs. 2,000 ($267).

Zambia will undertake major school building, finishing project

The Republic of Zambia has announced a project involving the construction, furnishing, and equipping of nine new secondary schools, and the improvement, additions and supplementary furnishing and equipping of 56 existing secondary schools, two existing primary teacher training colleges, two higher teacher training colleges, and the Northern Technical College. The planning and design have already started (architects and consultants' firms shall not apply for consideration) and the project is expected to be completed by 1973.

Total costs are estimated at $36 million, with main elements being $21.5 million in construction works, $2.2 million for furniture, and $5 million for equipment. The World Bank has agreed to lend $17.4 million to meet approximately 50% of the project's cost. In accordance with the loan, the Ministry of Education, Zambia, has established and will maintain a Project Unit with such responsibilities, powers, and staff as may be required for the purpose of carrying out the project. This Project Unit has asked the U.S., among others, to furnish a list of potential bidders on various aspects of this undertaking. As soon as possible, companies interested in being placed on the list should notify the Construction and Building Materials Division, BDSA-645, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-3602).

This list must be submitted to the Project Unit by July 15. Notwithstanding this, any later inquiry from a firm will be properly answered and such firm should have the right to compete on equal terms provided that the inquiry is received in sufficient time for prequalification procedure.

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

PAPUA-NEW GUINEA—The Territory of Papua-New Guinea will send out a call for tenders on the first phase of a **hydro-electric project** in the Upper Ramu Valley (in the central highlands area of New Guinea). The entire project will involve an expenditure of approximately U.S. $45 million and will take ten years to complete. It will provide cheap electric power to the major ports of Lae and Madang and a wide area of New Guinea. The first phase involves the construction of a 45MW power station, expected to begin late in 1971 and to be completed in 1975. The second stage will commence in 1977 to be completed by 1981. It will involve construction of a large dam (150 feet high) across the Ramu River and installation of a further 30 MW capacity in the power plant. The Administration has been negotiating with the World Bank for financing.

VENEZUELA—The Ministry of Public Works has drawn up a plan "Centro Libertador de Maracaibo, S.A." to construct a new center for Maracaibo. **The Centro Libertador is to include financial, administrative, commercial and residential buildings** over an area of 298,113 m² at a total cost of Bs. 110,850,000. This project includes: construction costs of Bs. 58,100,000 for offices (60,000 m²), stores (65,000 m²), department store (4,800 m²), a motion picture theater (2,000 m²), a club (1,800 m²) and a hotel (11,000 m²); construction costs of Bs. 35,000 for apartments (87,750 m²); construction costs of Bs. 17,650,000 for a school (1,800 m²) and a plaza (37,500 m²). The request for the first bids is expected this year, or possibly 1971. Further information may be obtained from the Centro Libertador, Calle Oriente, Edificio Chuma, La Ciega, Maracaibo, Estado Zulia, Venezuela.

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New Books and Reports

INTERNATIONAL MARKETING INFORMATION SERVICE

Latest IMIS reports are:

Exhibitor's Export Market Guides *(for U.S. Trade Center shows and Special exhibits).* Reports run from four to nine pages and cost ten cents apiece.

Milan—Lasers and electro-optical equipment, U.S. Trade Center, Nov. 20-26, IMIS 70-24.

Stockholm—Industrial and scientific temperature measurement and control equipment, U.S. Trade Center, Nov. 16-21, IMIS 70-25.

Frankfurt—Dynamic testing equipment, U.S. Trade Center, Dec. 7-11, IMIS 70-26.

London—Medical engineering equipment, U.S. Trade Center, Dec. 7-11, IMIS 70-27.

Frankfurt—Air conditioning & refrigeration equipment, U.S. Trade Center, Oct. 12-16, IMIS 70-28.

Tokyo—Fluid power systems accessories and controls, U.S. Trade Center, Nov. 9-14, IMIS 70-29.

World Markets for U.S. Exports *(outline the market for a specified U.S. product category in an individual foreign country),* ten cents apiece.

Food Processing and Packaging Equipment—Mexico. IMIS 70-207.

Electronic Data Processing—Argentina. IMIS 70-208.

IMIS reports are available from Commerce Field Offices or from Sales & Distribution Branch, Room 2119, Department of Commerce, Washington, D.C. 20230.

***Der Westdeutsche Markt in Zahlen* (The West German Market in Figures), revised edition, 1969. In German and English. Published by DIVO-INMAR G.m.b.H. in DIVO-Institut, Frankfurt/Main, 1970. 536 pp. Approx. $150.**

The recent publication of *Der Westdeutsche Markt in Zahlen* represents the fourth edition of this standard reference handbook of market and population data. The publication, a very comprehensive work, contains approximately 150,000 statistical entries based on official data and on surveys conducted by DIVO-INMAR.

With concise statistical tables and accompanying explanatory notes, this work is particularly tailored to provide information to businessmen, advertising agents, market research consultants, and others interested in a detailed account of the German consumer and the German market potential. Presentation of statistical data according to such demographic categories as age, sex, occupation and region, adds to the usefulness of this handbook.

The fourth edition contains substantially expanded sections regarding passenger cars, the residential building and construction industry, space heating, and tourism. With much of its statistical presentation based on a survey conducted in the latter half of 1969, this reference work provides basic data on the Federal Republic as a market for goods and services.

Write: DIVO-INMAR G.m.b.H., 6000 Frankfurt/Main, Lindenstrasse 37.

***Winning the Markets of the 1970's*. Business International, New York. 108pp. $60.**

The book's four sections provide: a regional breakdown of prospects for growth and change in the world's leading markets during the 1970's; changes in the world monetary and trading systems, and the methods of furnishing foreign assistance; a description of how corporate financial needs will be met; and, internationalizing the corporation as a prescription for corporate survival.

Write: Business International Corp., 757 Third Av., New York, N.Y. 10017.

***OECD Economic Surveys* of Finland, France, Germany, Ireland and Sweden. Organization for Economic Cooperation and Development, Paris. Reports run from 61 to 86 pages and cost 80 cents apiece.**

For each nation, the report outlines recent trends, official economic policy, describes prospects and offers conclusions.

Write: OECD Publications Center, Suite 1305, 1750 Pennsylvania Ave., N.W., Washington, D.C. 20006.

***Textile Guide to Europe: 1970*. Noyes Data Corp., Park Ridge, N.J. 220pp. $20.**

Textile manufacturers and processors are listed in the directory alphabetically by country. Information for each entry includes: principal executives, products, foreign and domestic subsidiaries and associates, plant location, sales and number of employees. The appendix contains an index to companies classified according to products.

Write: Noyes Data Corp., Noyes Bldg., Park Ridge, N.J. 07656

***Overseas Business Reports*. U.S. Department of Commerce. Washington, D.C. 1969. $16 per year. ($5 additional for overseas mailing), 15 cents per copy.**

Selling in Greece. OBR 70-10. 8pp. Discusses the road to effective selling in Greece, commercial practices, marketing aids, government procurement, U.S. export credit insurance and guarantees, and provides special notes for business travel.

Establishing a Business in Denmark. OBR 70-11. 15pp. Describes Denmark's investment climate, legislation governing investment, forms of business organization, industrial property protection, labor regulations, taxes, availability of capital and basic economic facilities.

Foreign Trade Regulations of Pakistan. OBR 70-14. 10pp. Reviews Pakistan's trade policy, import tariff system, special customs provisions, internal taxes, shipping documents, marking and labeling requirements, nontariff import controls, Pakistan's export controls and U.S. controls affecting trade with Pakistan.

Foreing Trade Regulations of Trindad and Tobago. OBR 70-15. 5 pp. Contains the same types of information as OBR 70-14, above.

Foreign Trade Regulations of Chile. OBR 70-18. 8pp. Contains the same types of information as OBR 70-14, above.

Selling in India: Government Procurement Procedures. OBR 70-19. 14pp. Describes selling to the Indian Government, which buys 60% of the nation's imports.

Foreign Trade Regulations of Canada. OBR 70-20. 22pp. Contains the same types of information as OBR 70-14, above.

U.S. Trade with Communist Areas in Eastern Europe and Asia, 1967-69. OBR 70-22. 23pp. Four tables make up the presentation.

Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

***World Trade Data Yearbook: 1970*. Vol. 95. Published by Business Abroad. 100pp. $5.**

In four sections, this yearbook presents articles and information on world trade. Data include marketing, guides to trading and investment aid; finance, guides to bank services, credit, taxes; communications, international rate guides; transportation, guides to routings and services.

Write: Business Abroad, 466 Lexington Ave., New York, N.Y. 10017

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Calendar *for international traders*

FAIRFIELD, CONN.—July 2—Export Managers Club of Bridgeport (Southern Connecticut) luncheon, 12-2 p.m., Fairfield Motor Inn.

GARDEN CITY, L.I., N.Y.—July 7—FCIB roundtable conference on foreign finance, credit collection and exchange problems, Garden City Hotel, 10 a.m. Sponsor: Foreign Credit Interchange Bureau's International Dept.

HONOLULU—July 15—How to Get Started in Exporting seminar, 10 a.m., Room 286, Commerce Field Office.

LITTLE ROCK—July 16—Arkansas Exporters' Roundtable, Chamber of Commerce headquarters. Sponsors: Chamber of Commerce, Commerce's Memphis Field Office.

MADISON, WIS.—July 15-17—Second annual International Trade & Transportation seminar, U. of Wisconsin.

MEMPHIS—July 9—Export workshop, First National Bank. Sponsors: REEC and Field Office.

MEMPHIS—July 15—Mid-South Exporters' Roundtable, Albert Pick Motor Inn.

MEMPHIS—July 21—Memphis World Trade Club meeting, Sheraton Motor Inn.

NEW YORK—July 1-2—Business consultations with U.S. Foreign Service Officers Ronald Flack and Edward Lollis, Economic Officer and Commercial Officer, respectively, in Abidjan, Ivory Coast.

PHOENIX—July 23—In-office export workshop, 10 a.m.-noon, Commerce Field Office.

STARKVILLE, MISS.—Export workshop at Mississippi State University's College of Business. Sponsors: REEC and Commerce's Memphis Field Office.

WASHINGTON, D.C.—July 9—Monthly meeting of the International Commerce Committee of the American Marketing Assn., Main Commerce Dept. Bldg., noon. Subject: The Role of the Combination Export Manager.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

Information and advice is available from these offices on: foreign markets for U.S. products and services, economic facts on foreign countries, firms with marketing facilities overseas, trade and investment opportunities abroad, Government financing aid to exporters, foreign exchange regulations and procedures, export and import statistics.

ALBUQUERQUE, N. MEX., 87101, U. S. Courthouse. Area Code 505, 843-2386.

ANCHORAGE, ALASKA, 99501, 412 Hill Bldg., 632 Sixth Ave. Area Code 907, 272-6531.

ATLANTA, GA., 30303, 4th Floor Home Savings Bldg., 75 Forsyth St., NW. Area Code 404, 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301, 962-3560.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 S. 20th St. Area Code 205, 325-3327.

BOSTON, MASS., 02203, Room 510, John Fitzgerald Kennedy Federal Bldg. Area Code 617, 223-2312.

BUFFALO, N.Y., 14203, 504 Federal Bldg., 117 Ellicott St. Area Code 716, 842-3208.

CHARLESTON, S.C., 29403, Federal Bldg., Suite 631, 334 Meeting St. Area Code 803, 577-4171.

CHARLESTON, W. VA., 25301, 3000 New Federal Office Bldg., 500 Quarrier St. Area Code 304, 343-6181 Ext. 375 and 376.

CHEYENNE, WYO., 82001, 6022 Federal Bldg., 2120 Capitol Ave., Area Code 307, 778-2220.

CHICAGO, ILL., 60604, 1486 New Federal Bldg., 219 S. Dearborn St. Area Code 312, 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Bldg., 550 Main St. Area Code 513, 684-2944.

CLEVELAND, OHIO, 44114, Room 600, 666 Euclid Ave. Area Code 216, 522-4750.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214, 749-3287.

DENVER, COLO., 80202, Room 161 New Customhouse, 19th and Stout Sts. Area Code 303, 297-3246.

DES MOINES, IOWA, 50309, 609 Federal Bldg., 210 Walnut St. Area Code 515, 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Area Code 313, 226-6088.

GREENSBORO, N.C., 27402, 258 Federal Bldg., W. Market St. P.O. Box 1950. Area Code 919, 275-9111.

HARTFORD, CONN., 06103, Room 610-B, Federal Office Bldg., 450 Main St. Area Code 203, 244-3530.

HONOLULU, HAWAII, 96813, 286 Alexander Young Bldg., 1015 Bishop St. Area Code 808, 546-5977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Area Code 713, 226-4231.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 W. Bay St. Area Code 904, 791-2796.

KANSAS CITY, MO., 64106, Room 1840, 601 E. 12th St. Area Code 816, 374-3141.

LOS ANGELES, CALIF., 90024, 11th Floor, Federal Bldg., 11000 Wilshire Blvd. Area Code 213, 824-7591.

MEMPHIS, TENN., 38103, 710 First American Bank Bldg., 147 Jefferson Ave. Area Code 901, 534-3214.

MIAMI, FLA., 33130, Rm. 821, City National Bank Bldg., 25 W. Flagler St. Area Code 305, 350-5267.

MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Area Code 414, 272-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Area Code 612, 725-2133.

NEW ORLEANS, LA., 70130, 909 Federal Office Bldg., S., 610 South St. Area Code 504, 527-6546.

NEW YORK, N.Y., 10007, 41st Floor, Federal Office Bldg., 26 Federal Plaza, Foley Sq. Area Code 212, 264-0634.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Area Code 215, 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Bldg., 230 N. First Ave. Area Code 602, 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Bldg., 1000 Liberty Ave. Area Code 412, 644-2850.

PORTLAND, ORE., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503, 226-3361.

RENO, NEV., 89502, 2028 Federal Bldg., 300 Booth St. Area Code 702, 784-5203.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 N. 8th St. Area Code 703, 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Area Code 314, 622-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Bldg., 125 S. State St. Area Code 801, 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Bldg., Box 36013, 450 Golden Gate Ave. Area Code 415, 556-5864.

SAN JUAN, P.R., 00902, Room 100, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Area Code 912, 232-4321.

SEATTLE, WASH., 98104, 8021 Federal Office Bldg., 909 First Ave. Area Code 206, 583-5615.

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Dear Friend of International Commerce:

International Commerce and its predecessors have for 90 years reported conditions affecting American trade and investment abroad.

From time to time, in informing three generations of world traders, the magazine itself has improved its style, format and content. New features and more illustrations have been added, and coverage of events abroad has been accelerated from hand-written manuscripts delivered by sailing ships to electronic communication via satellite.

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Recognizing that international trade and investment is but one element of corporate consideration and that world trade decisions are inseparable from today's business judgments, both the magazine's content and name will be broadened.

With the issue of July 13, International Commerce will become COMMERCE TODAY, a biweekly, maintaining coverage of international trade news and adding details of the domestic economy helpful to both the large and small businessman. A major concern of the expanded magazine will be the increasing applications of technology to the solution of business problems.

As a subscriber to International Commerce, you will be among the first to enjoy valuable new features in COMMERCE TODAY concerning the impact on business of possible conversion to the metric system, weather control, domestic economic development, environmental problems, oceanographic research, satellite utilization, and business statistical surveys, to mention but a few.

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Sincerely,

Richard Evans

Richard Evans
Editor
COMMERCE TODAY

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